PETITION FOR WRIT OF CERTIORARI

Empresa Cubana del Tabaco, d.b.a. Cubatabaco, a Cuban state enterprise, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit.

Opinions Below

The court of appeals' February 24, 2005 opinion (1a-48a) is reported at 399 F.3d 462. Its June 1, 2005 order denying rehearing and rehearing *en banc* (49a-50a) is unreported. The April 30, 2004 judgment and order of the United States District Court for the Southern District of New York (Sweet, J.) (76a-82a) is available at 2004 WL 925647. The district court's March 26, 2004 post-trial opinion (116a-235a) is reported at 70 U.S.P.Q.2d 1650 and available at 2004 WL 602295. The court's June 26, 2002 opinion (relevant portions at 236a-254a) is reported at 213 F. Supp. 2d 247, and its October 8, 2002 opinion (relevant portions at 255a-263a) is available at 2002 WL 31251005.

Jurisdiction

The court of appeals' judgment was entered on February 24, 2005 (1a). The order denying petitioner's timely petition for rehearing, and for rehearing *en banc*, was entered on June 1, 2005 (49a). On August 15, 2005, Justice Ginsburg issued an order extending the time to file a petition for a writ of certiorari to September 30, 2005. The jurisdiction of the Court to review the judgment of the court of appeals is invoked under 28 U.S.C. § 1254(1).

Statutory, Treaty and Regulatory Provisions

The following are reprinted in the Appendix: Trading With the Enemy Act, 50 U.S.C. App. § 5(b), as amended, Pub. L. No. 95-223, § 101, 91 Stat. 1625 (1977) (83a-85a); Cuban Assets Control Regulations, 31 C.F.R. Part 515 (selected provisions) (86a-91a); Paris Convention for the Protection of Industrial Property, 21 U.S.T. 1583 (1970), Arts. 2, 6*bis*, 25-26, ratified as to Arts. 1-12, 24 U.S.T. 2140 (1973) (94a-96a); Agreement on Trade-Related Aspects of Intellectual Property Rights, Arts. 2-4, Pub. L. No. 103-465, § 101(d)(15), 108 Stat. 4809 (1994), adopting TRIPs, H.R. Doc. 103-316, Vol. 1, Annex 1C (1994), also at 33 I.L.M. 81 (1994) (97a-98a); General Inter-American Convention for Trademark and Commercial Protection, Arts. 7-8, 46 Stat. 2907 (1930) (98a-100a); Lanham Act, 15 U.S.C. §§ 1125(a), 1126, 1127 (100a-105a); and Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, Pub. L. No. 104-114, § 102(h) (1996), 22 U.S.C. § 6032(h) (106a).

Statement of the Case

This petition concerns judicial deference to the Executive's conduct of the United States' embargo of Cuba, and judicial restraint in finding implicit legislative abrogation of treaty obligations that the Executive has advised remain in effect.

The Second Circuit refused to apply deference principles to the Executive's submission that its embargo regulations do *not* bar the district court's grant of limited but significant relief to petitioner, a Cuban state enterprise, in this international trademark dispute. Instead, the court below substituted its own independent construction of the regulations in concluding that the embargo does bar relief.

The Executive advised that the district court's grant of relief is not only consistent with the embargo regulations, but is required by the United States' continuing treaty obligations to Cuba. The Second Circuit rejected the Executive's advice that these treaty obligations remain in effect with respect to Cuba, and instead held that they were implicitly abrogated by an Act of Congress.

The Second Circuit's rulings thwart the Executive's conduct of the Cuba embargo and place the United States in violation of its acknowledged treaty obligations, contrary to the Executive's express wishes and in the absence of clear congressional command. Further, the Second Circuit's decision adversely implicates the reciprocal protection of U.S.-owned trademarks in Cuba, contrary to the Executive's efforts to safeguard U.S. interests. By implication, the decision also threatens Executive authority over other embargoes.

1. Cuba's most renowned product is cigars, and COHIBA is Cuba's most famous and prestigious cigar brand (134a-136a). As a treaty national, petitioner, Cubatabaco, has the right to register the COHIBA brand as a trademark in the United States on the basis of petitioner's Cuban registration, pursuant to the Lanham Act, 15 U.S.C. § 1126(e) (103a), the Paris Convention for the Protection of Industrial Property, Art. 6*quinquies*, 21 U.S.T. 1583 (1970), and the General Inter-American Convention for Trademark and Commercial Protection, Art. 3, 46 Stat. 2907 (1930).

In January 1997, petitioner filed an application to register COHIBA with the United States Patent and Trademark Office and a petition to cancel respondents' registration of an identical mark, which blocks petitioner's application (161a-162a). During the cancellation proceedings, respondents ("General Cigar") launched a

COHIBA-branded cigar on a national scale (163a), forcing Cubatabaco to bring a district court action in November 1997 for an injunction, as well as for cancellation. The district court's jurisdiction was founded on 15 U.S.C. § 1121, and 28 U.S.C. §§ 1331, 1332(a), 1338, and 1367.

On April 30, 2004, after extensive pre-trial proceedings and a bench trial, the district court granted relief to Cubatabaco (76a-82a). The district court found that media attention had made the Cuban COHIBA "famous" among U.S. consumers, even though Cuban cigars cannot be sold here because of the embargo (132a-148a, 189a-200a), and that respondents' *subsequent* adoption of an identical mark had created consumer confusion prohibited by section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (162a-175a, 200a-217a). The court found that respondents had intended, in their own words, to "capitalize" on the "notoriety" of the Cuban COHIBA by adopting an identical mark (138a, 142a-143a, 164a). The court ordered cancellation of respondents' registration and enjoined their use of COHIBA.

2. On appeal to the Second Circuit, General Cigar argued *for the first time* that the United States' embargo regulations, the Cuban Assets Control Regulations, 31 C.F.R. Part 515 ("CACR"), preclude the federal courts from granting any relief to Cubatabaco. The Second Circuit sought guidance from the Executive branch on this new issue.

The Treasury Department, which promulgates and administers the CACR, responded on behalf of the Executive in a brief jointly submitted with the Justice Department, after "high-level consultations" with the State Department, the Office of the United States Trade Representative, and the Patent and Trademark Office. U.S. Motion, Oct. 1, 2004. The Treasury Department expressly

advised the Second Circuit that the district court's cancellation and injunction orders are *not* barred by the embargo regulations, and do not subvert the embargo's purposes (74a, 60a). The Executive's *amicus curiae* brief is reprinted in the Appendix (51a-75a).

The Treasury Department acts pursuant to Congress' exceptionally broad grant of authority to the President in the Trading With the Enemy Act ("TWEA"), 50 U.S.C. App. § 5(b). TWEA gives the President plenary authority to prohibit "transfers" of "property" in which Cuban nationals have an "interest" (83a). The President may exercise that authority "under such rules and regulations as he may prescribe, by means of instructions, licenses or otherwise," and may "prescribe from time to time, definitions, not inconsistent with [TWEA's] purposes," of the statutory terms (84a). Since 1977, the Treasury Department has implemented Presidential decisions to impose new embargoes under the identical authority provided the President by the International Emergency Economic Powers Act, 50 U.S.C. §§ 1702(a)(1), 1704 ("IEEPA").

The Executive's construction of the CACR expressly honors U.S. treaty obligations to Cuba. In its submission, the Executive advised that the United States adheres to its obligations to Cuba under Article 6*bis* of the Paris Convention, and that the United States is "*required*" by Article 6*bis* to grant cancellation and injunctive relief on the facts found by the district court (66a, 71a-72a) (emphasis supplied).[1]

[1] Article 6*bis* provides that the host country "undertake[s] . . . at the request of an interested party, to refuse or to cancel the registration, and [ ] prohibit the use" of a mark that is "liable to create confusion" with the "well-known" mark of a treaty national (95a). The district court recognized that Article 6*bis* requires grant of the cancellation and injunction orders (186a).

The Executive also advised that its construction of the CACR provides the reciprocity essential to the protection of U.S.-owned trademarks abroad (72a). Notwithstanding the four-decade old embargo, the United States and Cuba have maintained extensive trademark relations. In order "to provide reciprocal protection for the intellectual property of Cuba and the United States" (92a), the CACR authorizes Cuban enterprises to register their marks here (89a). In accord with the Paris Convention, Cuba permits U.S. companies to register their marks in Cuba, and hundreds of U.S. companies have registered over 5,000 trademarks there. Cuba's Supreme Court has held that U.S. nationals are entitled to protection in Cuba under Article 6*bis*. Decision No. 833 (HARD ROCK CAFÉ) (1995) (107a-115a).

The Executive further advised that honoring Article 6*bis* obligations and reciprocity does not offend the CACR's purpose of denying Cuba hard currency (60a, 66a-67a).

3. The Second Circuit rejected the Executive's construction of the CACR and held that the embargo regulations bar the cancellation order and injunctive relief. Contrary to the Executive's advice that the CACR "do *not* prohibit the district court's order canceling [respondents'] registration and enjoining General Cigar from using the COHIBA mark" (58a) (emphasis supplied), the Second Circuit ruled precisely the opposite: "to obtain cancellation of General Cigar's mark and an injunction barring General Cigar from using the mark in the United States . . . would entail a transfer of property rights in the COHIBA mark to Cubatabaco *in violation* of the embargo" (19a) (emphasis supplied). The Second Circuit reversed the district court's cancellation and injunction orders entirely on this basis: "Cubatabaco's claims for injunctive relief based on Section 43(a) [of the Lanham Act] and the Paris Convention fail because they entail a

transfer of property rights to Cubatabaco in violation of the embargo" (29a (section header)).

The court below did not acknowledge or purport to apply either the principles of judicial deference derived from the President's TWEA and Article II foreign affairs powers, or the traditional deference afforded to an agency's construction of its own regulations, and did not explain why they were inapplicable. Indeed, the court below barely acknowledged its rejection of the Executive's clearly stated position.

Although the Executive found the cancellation and injunction orders consistent with the CACR, it separately concluded that the CACR bars Cubatabaco from obtaining ownership of the United States trademark for COHIBA on account of the Cuban COHIBA's renown (61a-67a). The Second Circuit's unexplained failure to apply deference principles is explicable, if at all, only by the court's apparent belief that these are inconsistent positions.

The Executive explained its differentiated application of the CACR by reference, *inter alia*, to the CACR's text, the CACR's foreign policy purposes, and the United States' treaty obligations under Article 6*bis*. Soon after the Second Circuit's decision, this Court decided *National Cable and Telecomms. Assoc. v. Brand X Internet Servs.*, __ U.S. __, 125 S.Ct. 2688 (2005), which addresses whether, even outside the foreign affairs context, supposed "agency inconsistency" relieves the courts of the requirement to apply deference principles.

4. In its submission, the Executive advised that regardless of whether the district court's *cancellation* order worked an otherwise prohibited transaction, the Treasury Department has "made clear" that cancellation is authorized "[a]t any rate" by CACR general license § 515.527 (60a, 92a-93a, 89a-90a). The Second Circuit

never addressed the Treasury Department's position and simply ignored the general license.

5. Because the Second Circuit rejected the Executive's submission, which avoids conflict between the CACR and Article 6*bis*, the lower court was obliged to decide which prevails. The Executive advised that the United States' Article 6*bis* obligations to Cuba continue in effect and are consistent with the embargo's purposes (66a, 71a-72a). However, the Second Circuit, in a one-sentence ruling, found *implicit* treaty abrogation on the basis of the court's own construction of the CACR, in combination with the provision in the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, Pub. L. No. 104-114, § 102(h) (1996), 22 U.S.C. § 6032(h), that "[t]he economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions under [the CACR], shall remain in effect," subject to certain specified events (106a).

If the Executive's application of the CACR is accepted, there is no need to reach the LIBERTAD issue. If not, then the Second Circuit's ruling that the LIBERTAD Act abrogates Article 6*bis* comes to the fore: the Second Circuit acknowledged that petitioner "may be correct" that Article 6*bis* provides a basis for relief, and that, save for the LIBERTAD Act, the United States' ratification of Article 6*bis* may prevail over conflicting provisions of the CACR (37a-39a).

6. The Second Circuit's decision not only places the United States in violation of its acknowledged treaty obligations to Cuba under Article 6*bis*, but in violation of the WTO TRIPs Agreement, and thus subject to possible WTO sanctions. *See* TRIPs Article 2.1 (incorporating Article 6*bis*); Article 4 (most-favored nation treatment) (97a-98a).

The Second Circuit's decision also implicates the United States' active effort to ensure protection of U.S. trademarks throughout the world, including, in particular, the special protection for "well-known" marks provided by Article 6*bis*. Advocating faithful, non-discriminatory adherence to the Paris Convention and TRIPs, including specifically Article 6*bis*, is the cornerstone of the United States' effort. *See, e.g.*, Office of the U.S. Trade Representative, 2003 Special 301 Report, Special 301 Watch List (Mexico); *id.*, Section 306 Report (China) (available at www.ustr.gov).

7. The court of appeals rejected petitioner's distinct claims under the General Inter-American Convention for Trademark and Commercial Protection ("IAC") on the ground that the Lanham Act implicitly abrogates IAC Articles 7 and 8 for *all* treaty countries (41a-42a). These are self-executing treaty provisions, *Bacardi Corp. of America v. Domenech*, 311 U.S. 150 (1940), that mandate cancellation and an injunction on a showing, made here, that a U.S. party adopted a mark with knowledge of a treaty national's pre-existing, confusingly similar foreign mark (98a-99a).

Reasons for Granting the Writ

Summary of Reasons to Review the Decision Below

I. The court of appeals' rejection of the Executive's construction of its embargo regulations presents an important structural issue concerning the deference due the Executive in its conduct of the United States embargo of Cuba, and, by direct implication, all other embargoes. This Court has recognized that the Executive must be allowed to act with great flexibility when conducting foreign affairs through use of the President's exceptionally broad authority under the Trading with the

Enemy Act. Until now, the circuits have faithfully applied the Court's jurisprudence by affording heightened deference to the Executive's construction of its TWEA embargo regulations. The court below afforded the Executive neither TWEA-foreign affairs deference, nor even the traditional deference due an agency's construction of its own regulations.

The Court should clarify and enforce the requirement of judicial deference to the Executive's conduct of the Cuba embargo and other embargoes, particularly when the Executive's construction of its regulations: (a) avoids an unnecessary collision with treaty obligations and implicates the reciprocal protection of U.S. interests in Cuba; and (b) presents *only* foreign policy concerns. In accord with *National Cable and Telecomms. Assoc. v. Brand X Internet Servs.*, __ U.S. __, 125 S.Ct. 2688 (2005), the Court should clarify that deference to the Executive's "reasoned explanation[s]," 125 S.Ct. at 2710, including most prominently those based on *foreign policy* considerations, is not overcome by the lower court's belief that the Executive has taken inconsistent positions.

Because *National Cable* was decided subsequent to the Second Circuit's decision, petitioner respectfully suggests that the Court summarily vacate the judgment below so that the Second Circuit may apply the teaching of *National Cable* to this case.

II. The Second Circuit's finding of *implicit* abrogation of U.S. treaty obligations to Cuba, *against* the Executive's advice that those obligations remain in effect, similarly merits review. The lower court's decision presents such an unusual and threatening judicial intrusion into the Executive's traditional powers that it should be sanctioned, if at all, only by this Court. The Court should require far clearer indicia of congressional abrogation

than are present here before a court may disregard the Executive's affirmation that treaty obligations remain in effect.

III. By refusing to apply the Lanham Act and Article 6*bis* of the Paris Convention on their merits, the Second Circuit has frustrated congressional attempts to regulate intellectual property and protect consumers from confusion.

IV. The Court has never countenanced treaty abrogation under the relaxed standard that the Second Circuit adopted in holding that the Lanham Act abrogates IAC Articles 7 and 8. The Second Circuit relied not on the statutory *text*, but on what the court believed the *legislative history implicitly* reveals about Congress' underlying purposes. The Second Circuit's departure from the governing standards threatens the important IAC protections afforded to U.S. businesses abroad, and it creates a split with the TTAB, the principal forum for registration disputes. *See British-American Tobacco Co. v. Philip Morris, Inc.*, 55 U.S.P.Q. 2d 1585 (T.T.A.B. 2000).

This is the latest in a series of cases before this Court to grow out of the sensitive and complex relations between the United States and Cuba.[2] Because of the deference, treaty adherence, and separation-of-powers issues it presents, this case likewise merits review.

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[2] *See Banco Nacional de Cuba v. Sabbatino*, 376 U.S. 398 (1964); *Zemel v. Rusk*, 381 U.S. 1 (1965); *United States v. Laub*, 385 U.S. 475 (1967); *First National City Bank v. Banco Nacional de Cuba*, 406 U.S. 759 (1972); *Alfred Dunhill of London, Inc. v. Republic of Cuba*, 425 U.S. 682 (1976); *First National City Bank v. Banco Para El Comercio Exterior de Cuba*, 462 U.S. 611 (1983); *Regan v. Wald*, 468 U.S. 222 (1984).

I. The Court Should Grant Review To Clarify and Protect the Deference Due the Executive When It Exercises Its TWEA and Foreign Affairs Authority To Interpret Its Embargo Regulations, Honor Treaty Obligations and Secure Reciprocal Protection of U.S. Interests

A. TWEA and Foreign Affairs Deference

1. The Second Circuit's disregard of deference cannot be squared with this Court's recognition that the Executive branch must be able to act with great flexibility, and limited judicial review, in utilizing the President's exceptionally broad TWEA and IEEPA authority to conduct foreign affairs. Unless reviewed, the Second Circuit's decision will produce an astounding, and unprecedented, result: The courts will have *expanded* an embargo against the Executive's wishes, and imposed a prohibition that conflicts with the Executive's foreign policy.

TWEA § 5(b)'s "sweeping statutory language," *Regan v. Wald*, 468 U.S. 222, 233 n.16 (1984), and "the legislative history and cases interpreting the TWEA fully sustain the broad authority of the Executive when acting under this congressional grant of power." *Dames & Moore v. Regan*, 453 U.S. 654, 672 (1981). Additionally, the Constitution commits to the President a "vast share of responsibility for the conduct of our foreign relations." *American Ins. Ass'n v. Garamendi*, 539 U.S. 396, 414 (2003) (internal quotations and citations omitted). Thus, Executive actions under TWEA are " 'supported by the strongest of presumptions and the widest latitude of judicial interpretation, and the burden would rest heavily upon any who might attack it.' " *Dames & Moore*, 453 U.S. at 674 (quoting *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579, 637 (1952) (Jackson, J., concurring)). Here, the Executive's TWEA authority

is further bolstered by its confluence with the President's constitutional authority with respect to treaty adherence. *See, e.g.*, Rest. (3d) Foreign Relations Law § 339.

To protect the Executive's flexibility in exercising TWEA and IEEPA authority, the "strongest of presumptions," *Dames & Moore*, 453 U.S. at 674, must apply to the Executive's construction of its embargo regulations. For this reason, the circuits, until now, have recognized that in embargo matters, "which involve foreign policy and national security, [courts] are particularly obliged to defer to the discretion of executive agencies interpreting their governing law and regulations." *Paradissiotis v. Rubin*, 171 F.3d 983, 988 (5th Cir. 1999). The circuits have been uniform in adhering to the Executive's construction of its embargo regulations, with rare exceptions limited to cases where, unlike here, the Executive's application of its regulations threatens constitutionally protected interests.[3] The court below did not afford the Executive's construction of the CACR any deference at all, let alone the "strongest of presumptions."

Indeed, the Second Circuit transformed the Executive's TWEA regulations from a flexible instrument in the Executive's foreign affairs armory into handcuffs that tightly constrain the Executive—even when treaty obligations and reciprocity concerns are at stake. This

[3] For adherence to the Executive's position, *see, e.g.*, *Ministry of Defense v. Cubic Defense Sys., Inc.*, 385 F.3d 1206, 1216 (9th Cir. 2004); *Consarc Corp. v. Iraqi Ministry*, 27 F.3d 695 (D.C. Cir. 1994); *Semetex Corp. v. UBAF Arab American Bank*, 51 F.3d 13, 14 (2d Cir. 1995); *United States v. Herscorp*, 801 F.2d 70, 76 (2d Cir. 1986); *Richardson v. Simon*, 560 F.2d 500, 503-04 (2d Cir. 1977); *Comet Enterprises Ltd. v. Air-A-Plane Corp.*, 128 F.3d 855, 859 (4th Cir. 1997); *De Cueller v. Brady*, 881 F.2d 1561, 1565 (11th Cir. 1989). *Real v. Simon*, 510 F.2d 557 (5th Cir. 1975), rejected the Executive's interpretation out of due process concerns.

Court has continuously emphasized, however, that TWEA "vests flexible powers in the President . . . to deal with problems that surround alien property . . . in the manner deemed most effective in each particular case." *Markham v. Cabell*, 326 U.S. 404, 411 n.5 (1945) (internal quotations and citations omitted).

The Executive has done just that here. Its submission is a finely calibrated application of the CACR to an unforeseen issue that is not expressly addressed by the regulations. The Executive considered both the "spirit and letter" of the CACR (63a) "in the unique circumstances" of this case (72a), in a context that required consideration of treaty obligations, the protection of U.S. interests in Cuba, and the embargo's purposes (66a, 71a-72a, 60a). The Executive's resulting application of the CACR is tailored to "harmonize[ ]" the embargo regulations with treaty obligations to Cuba (71a) and to safeguard U.S. interests in Cuba without undermining the CACR's purposes (59a-61a).

This Court has recognized that to allow the Executive to address effectively such "problems[,] at once complicated and far-reaching in their repercussions," the courts must eschew "literalness of application" and afford the Executive a "wise latitude of construction in enforcing [TWEA's] purposes." *Guessefeldt v. McGrath*, 342 U.S. 308, 319 (1952) (cited in *Regan v. Wald*, 468 U.S. at 232 n.16). The Second Circuit has done just the opposite.

3. *Only* foreign policy concerns are relevant to the CACR's application here; there is nothing in this case to weigh against deference. The Executive has not exceeded its statutory authority, and respondents assert no constitutionally protected interest in the CACR shielding them from an adjudication on the merits. *Compare, e.g., Hamdi v. Rumsfeld*, __ U.S. __, 124 S.Ct. 2633, 2650

(2004) ("[The Constitution] most assuredly envisions a role for all three branches when individual liberties are at stake."). Nor do respondents claim the protection of any of the CACR's general licenses (*e.g.*, the licenses for inheritence or travel).

B. Adherence to Treaty Obligations

1. The Executive has exercised its TWEA authority here to determine whether the United States should honor or repudiate treaty obligations, an especially weighty foreign policy decision reserved exclusively to the political branches. *See Trans World Airlines, Inc. v. Franklin Mint Corp.*, 466 U.S. 243, 253 (1984). Such a decision is particularly entitled to deference.

This Court's decision in *Clark v. Allen*, 331 U.S. 503 (1947), specifically addresses the interplay of embargo regulations and treaties, but the Second Circuit ignored *Clark*'s dictates. *Clark* involved an asserted conflict between World War II TWEA regulations and an inheritance treaty. In examining whether the embargo negated the relevant treaty rights, the Court did not employ the "literalness of application" it condemns as inappropriate in TWEA cases, *Guessefeldt*, 342 U.S. at 319. Instead, the Court asked whether the regulations "evince such hostility to ownership of property by alien enemies as to imply that its acquisition conflicts with the national policy," and whether "the national policy expressed in [the embargo regulations] is incompatible with the right of inheritance." *Clark v. Allen*, 331 U.S. at 510.

In *Clark*, the Solicitor General explained why the focus on policy is required, in words that are directly relevant here and to other U.S. embargoes. The World War II regulations, carried forward in identical language in the CACR, were:

> not addressed specifically to the problem of inheritance by enemies. If that problem is affected, it is only because of the comprehensiveness of provisions addressed generally to trading with the enemy. . . [Any] impact upon the reciprocal inheritance provisions of [the treaty] is incidental, subsidiary, and fortuitous. Abrogation of a treaty is hardly a matter to be concluded as an unintended consequence of a general legislative program.

Brief in *Clark v. Allen*, filed March 1947, at 23.

The Court's jurisprudence stands firmly against treaty abrogation that is an "unintended consequence" of general measures, *id. See, e.g., Franklin Mint*, 466 U.S. at 252; *Weinberger v. Rossi*, 456 U.S. 25, 32, 35 (1982); *Cook v. United States*, 288 U.S. 102, 120 (1933). *Clark* instructs that to safeguard against such a result here, the focus must be on whether the "national policy" served by the CACR is so "hostile" to Article 6*bis* that the two are "incompatible". Under the Court's TWEA/IEEPA-foreign affairs jurisprudence, when the Executive speaks to that question, as it has done here, it does so authoritatively.

The *Clark v. Allen* principle is critical to United States foreign relations, for the United States' relations with Cuba and other embargoed countries are interlaced with multilateral and bilateral treaties. *Clark* remains good law, as the Court noted in *Sale v. Haitian Centers Council, Inc.*, 509 U.S. 155, 178 n.35 (1993). It is not for the lower courts to disregard *Clark's* teachings, as was done here.[4]

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[4] The D.C. Circuit echoed *Clark v. Allen* in *American Airways Charters v. Regan*, 746 F.2d 865 (D.C. Cir. 1984) (per Ginsburg, J.), where the court construed the CACR to avoid constitutional issues. Because the CACR addresses economic transactions comprehensively, its "highly general" terms must be construed with an "eye" to

2. The Executive's submission is powerfully supported by the doctrine that "an act of Congress ought never to be construed to violate the law of nations"—here, ratified treaties—"if any other possible construction remains." *Murray v. The Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804); *see also Sale*, 509 U.S. at 178 n.35. *Charming Betsy* applies with no less force to regulations than to statutes, pursuant to which they are issued. *Cf. South Dakota v. Bourland*, 508 U.S. 679, 697 n.16 (1993) (that "regulations do not purport to abrogate treaty rights [is] not a startling proposition"). The Executive's plausible construction of the CACR shows that it is "possible," *Charming Betsy*, 6 U.S. at 118, to avoid conflict with the Paris Convention and TRIPs both as a textual and as a policy matter. Thus, the Executive's construction must be accepted under *Charming Betsy*.

C. *Chevron* and *Auer* Deference

1. Even if this case did not concern foreign affairs, the Second Circuit's decision would be facially deficient under the well-established *Chevron* framework. *See Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). Whether the district court's cancellation and injunction orders work a prohibited "transfer" of "property" in which a Cuban national has an "interest" (86a)—the sole basis for the Second Circuit's ruling—is purely a "creature of [Treasury's] regulations." *Auer v. Robbins*, 519 U.S. 452, 461 (1997). Under normal deference principles, the Executive's submission here must be treated as "controlling unless plainly erroneous or inconsistent with" the regulations themselves. *Id.* (internal citations and quotations omitted).[5] The Sec-

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the embargo's purposes to avoid unintended constitutional consequences. *Id.* at 872 & n.13.

[5] Some lower courts have mistakenly stated that "[p]robably there is little left of *Auer*." *Keys v. Barnhart*, 347 F.3d 990, 993 (7th

ond Circuit did not make the finding required by *Auer*, and none would be supportable.

The court did not explain why it refused deference, but it apparently decided that it need not defer because of a perceived inconsistency in the Executive's application of the CACR. Not only is there no inconsistency between the Executive's positions, but *National Cable*, *supra*, subsequently made clear that the Executive's "reasoned explanation" for its differentiated application of the CACR makes *Chevron* (and *Auer*) deference due regardless. *Heightened* deference is required here, not less than what is afforded agencies outside of the foreign affairs context.

2. The CACR's *express* terms do not bar either the issuance of judicial relief to Cuban nationals, or orders canceling another's registration or enjoining another's use of a trademark (86a-91a). Even under normal deference principles, whether to *expand* the CACR's prohibitions beyond their express terms through construction is a policy decision reserved for the agency. *See Chevron*, 467 U.S. at 843-44; *Auer*, 519 U.S. at 462-63.

(a) With respect to the *cancellation* order, the Second Circuit altogether ignored the Executive's advice that,

Cir. 2003), *compare Humanoids Group v. Rogan*, 375 F.3d 301, 306 (4th Cir. 2004) ("When an agency interprets its own regulation, as opposed to a statute, *Auer* deference applies."), based on a misreading of *Christensen v. Harris Cty.*, 529 U.S. 576, 587 (2000), despite this Court's continued citation of *Auer* in post-*Christensen* cases, *see, e.g.*, *Washington State Dept. of Social and Health Servs. v. Guardianship Estate of Keffeler*, 537 U.S. 371, 387-88 (2003); *Barnhart v. Walton*, 535 U.S. 212, 217 (2002). *Christensen* primarily involved agency interpretation of a *statute*, and only alternatively of a regulation. The Court dismissed the agency's invocation of the regulation not because of disagreement with *Auer*—which the Court cited—but because, unlike here, the regulation was facially inapplicable to the situation at hand. *Christensen*, 529 U.S. at 587-88.

even if otherwise prohibited, "[a]t any rate" CACR § 515.527 authorizes the district court's grant of this relief (60a). Before this litigation, the Treasury Department "made clear" (60a) that this general license, authorizing "transactions related to registration" of trademarks (89a-90a), applies to transactions related to cancellation of a registration that blocks a Cuban national's application for registration (92a-93a). There is no conceivable basis for the Second Circuit's finding that the CACR prohibit what the Treasury Department has licensed.

(b) The court of appeals never challenged as "plainly inconsistent" with the CACR the Executive's explanation as to why the cancellation and injunction orders are not barred, even if not licensed. The Executive explained that a judicial order is not "subject to the Regulations" (60a) unless it affects property in which a Cuban national has an "interest," CACR § 515.201(b) (86a). The cancellation of *General Cigar*'s registration, and the injunction against General Cigar's use of *its* COHIBA mark, "affects only the property of General Cigar" (60a) and "relate[s] solely to General Cigar and its property in which Cubatabaco lacks an interest" (60a). Thus, those orders are not "subject" to the CACR (60a). Rather, they enforce the Lanham Act's "prohibit[ion of] the use of any 'word . . . that is likely to cause [consumer] confusion,' " *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32 n.5 (2003) (citing 15 U.S.C. § 1125(a)). Petitioner has "standing" to invoke that prohibition because it is "damaged" (70a-71a).

3. In *National Cable*, respondents argued that "the [FCC]'s treatment of cable modem service is inconsistent with its treatment of DSL service," 125 S.Ct. at 2710—an argument equivalent to the Second Circuit's view that the Executive's "treatment" of cancellation and injunctive relief under the CACR is "inconsistent" with its treatment of trademark ownership, *id.* (34a-35a). The

Court clarified in *National Cable* that such "[a]gency inconsistency is not a basis for declining to analyze the agency's interpretation under the *Chevron* framework," *id.* at 2699, and upheld the FCC because the "Commission provided a reasoned explanation" for the distinction it had drawn, *id.* at 2710.

The Executive furnished a "reasoned explanation" here, so it should have been upheld. Indeed, *National Cable* has special force when applied to the Executive's application of embargo regulations: Under TWEA, the Executive must be able to proceed with far greater flexibility than in other contexts, and the courts have less competence and authority to second-guess the Executive's distinctions.[6]

The Executive noted ample reasons for the distinction it drew. The CACR expressly bar the unlicensed acquisition of *trademarks* subject to U.S. jurisdiction, 31 C.F.R. §§ 515.201(b) (86a) & 515.311 (88a), but do not define "trademark" to mean the "right to exclude," as the Second Circuit conceptualized the cancellation and injunction orders (29a).

Unlike U.S. trademarks, which can be sold apart from any foreign trademark and business, relief based on a foreign well-known mark is not independently alienable: It can only be invoked by the owner of the *foreign* trademark. The distinction is reflected in the Executive's determination that the district court's cancellation and injunction orders, but not the unlicensed acquisition of a trademark, are "consistent" with the CACR's purpose

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[6] *See, e.g.*, *Haig v. Agee*, 453 U.S. 289, 292 (1981); *United States v. Curtiss-Wright Export Corp.*, 299 U.S. 304, 319 (1936); *cf. Spacil v. Crow*, 489 F.2d 614, 619 (5th Cir. 1974) ("[I]n the chess game that is diplomacy, only the executive has a view of the entire board and an understanding of the relationship between isolated moves.").

of preventing Cuban entities from attracting hard currency by selling or assigning property subject to U.S. jurisdiction (60a). The United States has long considered the right of alienation to be one of the sticks in the "bundle of rights" that makes up a "trademark" for purposes of embargo regulations. *See* Brief for the United States, filed April 15, 1957, at 15-16, in *Rogers v. Ercona Camera Corp.*, 277 F.2d 94 (D.C. Cir. 1960).

Further, the Executive advised that the cancellation and injunction orders are *required* by treaty (66a) and implicate reciprocity concerns (72a). The orders are also consistent with the long-standing policy of trademark treaty adherence and reciprocity reflected in the CACR (89a-91a), *see supra* at 5-6.

4. The Second Circuit held that the cancellation and injunction orders are subject to the CACR because they assertedly have the same *practical effect* as "a transfer from General Cigar to Cubatabaco" of the "power to exclude," in that General Cigar can no longer exclude third-persons from using the word COHIBA as a trademark, but Cubatabaco supposedly can (29a-30a). This *policy choice*, which should have been reserved for the Executive, is essential to the Second Circuit's result.[7]

The Second Circuit did not suggest that an *actual* transfer "from General Cigar to Cubatabaco" of the "right to exclude" others from using COHIBA has occurred. The district court's orders do not literally provide for such a transfer (76a-82a). *Compare, e.g., Prop-*

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[7] Because Cubatabaco has no interest in General Cigar's trademark, the cancellation and injunctions orders cannot be considered a prohibited "transfer" of property in which a Cuban national has an "interest" because of their impact on *General Cigar's* trademark (60a, 86a). However, CACR § 515.309 provides that transfers of property *to* a Cuban national are transfers of property in which a Cuban national has an "interest."

per v. Clark, 337 U.S. 472 (1941) (judicial decree transferring title to assets prohibited by TWEA regulations). Nor did Cubatabaco succeed under those orders to *General Cigar*'s trademark, registration, or right to exclude others. Petitioner could not have: Respondents' mark, and any rights they might have to exclude others from using it, are "inseparable" from, and cannot be transferred apart from, *their* "goodwill" in *their* "product". 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 2:15, at 2-33; 2 McCarthy §18:2 at 18-6. (4th ed. 2004). Cubatabaco, on the other hand, secures relief to which it, but not General Cigar, is entitled as the owner of a "well-known" *foreign* mark.

The Executive was entirely within its rights in choosing not to treat the cancellation and injunction orders *like* a transfer from General Cigar to Cubatabaco of the "right to exclude." TWEA and *Chevron* firmly entrust that policy decision to the Executive, and the Executive identified ample foreign policy reasons for its choice.

II. The Court Should Grant Review To Clarify and Enforce Judicial Restraint in Finding Implied Treaty Abrogation in Embargo Legislation When, as Here, the Executive Has Reaffirmed the U.S.'s Treaty Obligations

In its submission, the Executive confirmed that the United States' Article 6*bis* obligations to Cuba remain in effect (71a-72a). The Second Circuit's finding of implied treaty abrogation *contrary* to the wishes and advice of the Executive presents such an unusual judicial intrusion into the Executive's foreign affairs powers, and so threatens to embarrass the Executive in its conduct of foreign relations, that it requires review by this Court. This Court granted review of the lower courts' rejection of the Executive's position in *Trans World Airlines v. Franklin Mint*; *Weinberger v. Rossi*; and *Clark v. Allen*;

supra. As in those cases, there are no reliable indicia here of congressional abrogation that might justify disregarding the Executive's advice.

1. The Court has long recognized "a firm and obviously sound canon of construction against finding implicit repeal of a treaty in ambiguous congressional action. 'A treaty will not be deemed to have been abrogated or modified by a later statute unless such purpose on the part of Congress has been clearly expressed.' " *Franklin Mint*, 466 U.S. at 252 (quoting *Cook*, 288 U.S. at 120); *see id.* ("silence is not sufficient").

The LIBERTAD Act § 102(h) provides that "[t]he economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions under [the CACR] shall remain in effect," until certain specified events. In its one-sentence ruling, the Second Circuit ignored its obligation to determine whether this general language constitutes a "clearly expressed" congressional purpose, *Franklin Mint*, 466 U.S. at 252, to abrogate Article 6*bis*. Had the court done so, abrogation could not have been found. At most, the LIBERTAD Act is ambiguous. *See id.*

First, neither the statute, the legislative history, nor the CACR "make[s] any reference to the [Paris] Convention," or treaties generally. *Franklin Mint*, 466 U.S. at 252; *compare Breard v. Greene*, 523 U.S. 371, 376 (1998) (habeas statute explicitly addressed to claimed violations of "treaties"); *compare also* use of phrase "notwithstanding any other provision of law" in other embargo-related legislation, including several other sections of LIBERTAD Act, *e.g.*, § 103; 22 U.S.C. §§ 6033, 7209(b); and 28 U.S.C. § 1610(f)(1)(A).

Second, properly construed, the "economic embargo of Cuba *as in effect on March 1, 1996*," (emphasis added), *included* Article 6*bis* obligations. The 1973 ratification of Article 6*bis*, subsequent to the CACR's pro-

mulgation in 1963, trumped any prior regulatory prohibitions, both because of the later-in-time rule, *see, e.g.*, *Cook*, 288 U.S. at 118-19; *Medellin v. Dretke*, __ U.S. __, 125 S.Ct. 2088, 2098 (2005) (O'Connor, J., dissenting on other grounds), and because the President's 1973 ratification of Article 6*bis* itself defined the scope of the "embargo," LIBERTAD Act § 102(h), at least absent Executive repudiation of the resulting treaty obligation to Cuba. TWEA allows the President to modify embargo prohibitions without formal rulemaking and to prohibit or authorize transfers "under such rules and regulations as he may prescribe, by means of instructions, licenses *or otherwise*" (83a) (emphasis supplied).

Even if there were doubt about whether the LIBERTAD Act included Article 6*bis* obligations in the codified "embargo," the statute is ambiguous as to a contrary effect. It cannot be said with confidence that Congress meant to reinstate the pre-ratification effect of the CACR, and thus repeal later, unrepudiated treaty rights, rather than including such treaty rights in the codified embargo. *See Cook*, 288 U.S. at 120 (post-treaty reenactment of statute left treaty intact, in absence of "clearly expressed" congressional intent to abrogate).

Third, the Executive's disagreement with the Second Circuit's interpretation of the CACR is powerful evidence that the regulations are susceptible of more than one meaning. Unless the Executive's position can be dismissed as wholly unreasonable (which it cannot, *see* Point I, *supra*), the judiciary cannot have the requisite confidence that Congress, which never considered the issue, "clearly" intended to place the U.S. in violation of its Paris Convention obligations through general codification of the embargo.

2. In light of the President's constitutional authority over treaty adherence, the judiciary has historically

refused to intervene in the Executive's determination that a treaty remains in effect. *See Charlton v. Kelly*, 229 U.S. 447 (1913); *Terlinden v. Ames*, 184 U.S. 270 (1902); *Techt v. Hughes*, 128 N.E. 185, 192 (N.Y. 1920) (per Cardozo, J.); Rest. (3d) Foreign Relations Law § 339(c). The Second Circuit ignored the admonition in *Franklin Mint* that the judiciary must not "impute to the political branches an intent to abrogate a treaty" when "the Executive Branch continues to maintain that the [treaty provision] remains enforceable in the United States." 466 U.S. at 253.

The President stated in his Signing Statement that "Consistent with the Constitution, I interpret the [LIBERTAD] Act as not derogating from the President's authority to conduct foreign policy." 1996 WL 107140, at *1 (March 12, 1996). Before the Second Circuit could conclude that Congress intended to strip the President of his Article II foreign affairs authority over treaty adherence, and his TWEA authority to harmonize the embargo with treaty obligations, Congress had to speak far more clearly than it did in the LIBERTAD Act. *See Franklin v. Massachusetts*, 505 U.S. 788, 800-01 (1992); *Armstrong v. Bush*, 924 F.2d 282, 289 (D.C. Cir. 1991).

3. In *Clark v. Allen*, 331 U.S. at 510, the Court recognized that the sweeping character of general embargo regulations, if applied apart from the embargo's purposes, could result in inadvertent treaty abrogation. *See* Point I.B, *supra*, at 15-16. Here, the Executive has determined that there is no "incompatib[ility]" or "hostility" between the purposes of the codified "economic embargo of Cuba . . . including all restrictions under [the CACR]" (106a), and continued adherence to Article 6*bis*. Therefore, whatever the LIBERTAD Act's impact on treaty obligations that conflict with the embargo's purposes, the statute can have no such effect here.

4. The Executive's recognition that honoring Article 6*bis* is compatible with the embargo is consistent with the CACR's policies *as endorsed by Congress in the LIBERTAD Act.* The CACR, and hence the LIBERTAD Act, seek protection for U.S. trademarks in Cuba by authorizing U.S. companies to register trademarks there (even though this brings hard currency to Cuba for filing and attorneys' fees), 31 C.F.R. § 515.528 (90a-91a), and by authorizing Cuban enterprises to register trademarks here in order to establish reciprocity, 31 C.F.R. § 515.527 (89a). The Executive's submission simply continues, in unanticipated circumstances, this joint policy of reciprocity and treaty adherence. Indeed, it carries forward nearly a century of consistent congressional policy under TWEA. *See* 50 U.S.C. App. § 10 (authorizing enemy aliens to register trademarks and to bring "suits in equity" for infringement).

III. The Court Should Grant Review To Prevent Frustration of Federal Trademark Law

1. Congress passed section 43(a) of the Lanham Act to prohibit actions that "deceive consumers and impair a producer's goodwill." *Dastar Corp v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32 (2003). The Senate gave its consent to, and the President proclaimed, Article 6*bis* to ensure the reciprocal protection of U.S. trademarks abroad, as well as to protect consumers against the confusing use of marks similar to "well-known" foreign marks. The district court found that section 43(a) and Article 6*bis* require an end to respondents' deceptive conduct (76a-82a, 223a-224a, 186a, 261a-263a). The United States concurred, based on the facts found by the district court (72a-73a).

The Second Circuit nonetheless declined to enforce section 43(a) or Article *6bis* because of the embargo.[8] The Court should grant review to vindicate federal trademark law.

2. In an unexplained comment, the Second Circuit suggested that Article *6bis* need not be interpreted to require relief "under the[ ] circumstances" of this case (38a). Whatever the court meant, the treaty provision's plain language makes it applicable, and both the United States (71a-72a) and Cuba (*see* HARD ROCK CAFÉ, 112a-114a) read it as requiring relief in precisely such circumstances. The court below had no grounds for questioning the treaty's text, the Executive's advice, and the signatories' understanding. *See Chan v. Korean Air Lines, Ltd*, 490 U.S. 122, 134 (1989) ("[W]here the text is clear, as it is here, [the judiciary has] no power to insert an amendment."); *Sumitomo Shoji America, Inc. v. Avagliano*, 457 U.S. 176, 184-85 (1982) ("the meaning attributed to treaty provisions by the Government agencies charged with their negotiation and enforcement is entitled to great weight"); *id.* at 185 ("When the parties to a treaty both agree as to the meaning of a treaty provision, and that interpretation follows from the clear treaty language, [courts] must, absent extraordinarily strong contrary evidence, defer to that interpretation.").

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[8] The Second Circuit acknowledged that the owner of a foreign "well-known" mark may sue under section 43(a) for relief against subsequent conduct that is likely to cause consumer confusion, even if, like the Cuban COHIBA, the foreign mark has not been used or registered in the United States (37a-38a n.10). The court also recognized that under Supreme Court and circuit precedent, section 43(a) "goes beyond trademark protection," *Dastar*, 539 U.S. at 28; *see Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137 (2d Cir. 1997), and therefore does not require that a plaintiff own a trademark to proceed (32a-33a). The court also opined that petitioner "may be correct" that Article *6bis* provides a basis for relief (37a).

IV. The Court Should Determine Whether the Lanham Act Abrogates Self-Executing Treaty Protections Against the Knowing Adoption of a Treaty National's Mark

1. The Second Circuit held in *Havana Club Holding v. Galleon, S.A.*, 203 F.3d 116, 128 (2d Cir. 2000), that Lanham Act § 44 implicitly abrogates all pre-existing trademark treaty rights that it does not affirmatively incorporate. The panel below applied this holding to Articles 7 and 8 of the General Inter-American Convention, which this Court identified in *Bacardi Corp. v. Domenech*, 311 U.S. 150, 161, 163-64 (1940), as self-executing provisions that mandate cancellation and injunctive relief against the *knowing* registration and use of a treaty national's trademark. Relying on *Bacardi*, the TTAB applies Articles 7 and 8 to registration disputes. *See British-American Tobacco Co. v. Philip Morris, Inc.*, 55 U.S.P.Q.2d 1585 (T.T.A.B. 2000).

In *Havana Club*, the Second Circuit did not purport to base its holding on the Lanham Act's *text*, but relied on what it believed the legislative history reveals about Congress' underlying purposes. This Court has never approved a finding of treaty abrogation without support in the statutory text. Instead, it has required that Congress's intent to abrogate be "clearly expressed," *Franklin Mint*, 466 U.S. at 252, which would preclude a finding of abrogation in such circumstances. *See* Point II, *supra*.[9] The Second Circuit's exclusive reliance on legislative history is additionally troubling because the history contains no express statements of the congressional purpose posited by the court.

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[9] In other sensitive areas, the Court mandates that the requisite clarity appear in the statutory *text*. *See, e.g.*, *INS v. St. Cyr*, 533 U.S. 289, 299 (2001) (repeal of habeas jurisdiction); *United States v. Nordic Village, Inc.*, 503 U.S. 30, 37 (1992) (elimination of sovereign immunity); *Dellmuth v. Muth*, 491 U.S 223, 230 (1989) (same).

The Second Circuit's radical departure from the governing standards threatens U.S. interests abroad[10] and creates a split with the TTAB, the principal forum for registration disputes.

2. Even if Lanham Act § 44 abrogates all *unincorporated* treaty provisions, Articles 7 and 8 remain in force if they are within the scope of section 44(h), which incorporates treaty provisions that relate to "repressing acts of unfair competition" (104a). The Second Circuit's holding, that Articles 7 and 8's prohibition against the *knowing* adoption of another's trademark does not relate to "unfair competition", ignores the *Charming Betsy* obligation to construe statutes consistently with treaties if possible, the rule against finding treaty abrogation in "ambiguous" legislation, *Franklin Mint*, 466 U.S. at 252, and the U.S. negotiating position in urging adoption of Articles 7 and 8, which was that *knowing* adoption of a treaty national's mark constitutes *per se* bad faith, a hallmark of "unfair competition". *See* Stephen P. Ladas, *The International Protection of Trade Marks by the American Republics* 35-36 (1929).

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[10] U.S. companies rely on Articles 7 and 8 extensively in Cuba and the other treaty countries (Colombia, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru). *See, e.g.*, Olin Corporation (WINCHESTER) (Cuba Trademark Office 1996); Drescher, *Nature and Scope of Trademark Provisions Under TRIPs and the Pan American Convention*, 87 T.M.R. 319 (1997); G. Cavelier, *La Convencion Interamericana de Washington de 1929 sobre Proteccion Marcaria y Comercial* (1992).

CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be granted. Petitioner also suggests that the Court summarily vacate the Second Circuit's judgment and remand for reconsideration in light of *National Cable and Telecomms. Assoc. v. Brand X Internet Servs.*, 125 S.Ct. 2688 (2005).

Dated: September 30, 2005

Respectfully submitted,

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APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 2004

(Argued: August 24, 2004

Last Supplemental Briefs Filed: December 3, 2004

Decided: February 24, 2005)

Docket Nos. 04-2527-cv (L), 04-3005-cv (XAP)

EMPRESA CUBANA DEL TABACO,
doing business as Cubatabaco,

Plaintiff-Counter-Defendant-
Appellee-Cross-Appellant,

—v.—

CULBRO CORPORATION,

Defendant-Counter-Claimant,

GENERAL CIGAR CO., INC. and
GENERAL CIGAR HOLDINGS, INC.,

Defendants-Counterclaimants-
Appellants-Cross-Appellees.

Before:

CABRANES, STRAUB, WESLEY,
Circuit Judges.

Appeal from the judgment of the United States District Court for the Southern District of New York (Robert W. Sweet, *Judge*). The District Court held that Cubatabaco, a Cuban company, owned the United States trademark COHIBA for use on cigars under the "famous marks doctrine." Although Cubatabaco never registered or used the COHIBA mark in the United States, the District Court held that Cubatabaco's COHIBA mark was sufficiently famous in the United States by the time General Cigar, a United States company, began selling COHIBA cigars in the United States that the mark was entitled to protection. The court entered judgment for Cubatabaco against General Cigar on Cubatabaco's claim of trademark infringement under Section 43(a) of the Lanham Act, cancelled General Cigar's registration for the mark, and enjoined General Cigar from using the mark. The District Court dismissed all other claims brought by Cubatabaco. We hold that even were the famous marks doctrine to be recognized—an issue we do not decide here—Cubatabaco is barred by the United States' embargo in force against Cuba from acquiring property rights in United States trademarks via the famous marks doctrine. Therefore, we reverse the District Court's finding of trademark infringement. We affirm the District Court's dismissal of all other claims brought by Cubatabaco.

Affirmed in part, reversed in part, and remanded.

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STRAUB, *Circuit Judge*:

Defendants-Counterclaimants-Appellants-Cross-Appellees, General Cigar Co., Inc., and General Cigar Holdings, Inc. ("General Cigar"), appeal from a judgment and permanent injunction of the United States District Court for the Southern District of New York (Robert W. Sweet, *Judge*), entered on May 6, 2004, finding in favor of Plaintiff-Counter-Defendant-Appellee-Cross-Appellant, Empresa Cubana del Tabaco, doing business as Cubatabaco ("Cubatabaco"), on its claim of trademark infringement under Section 43(a) of the Lanham Act, ordering cancellation of General Cigar's United States trademark registration for COHIBA cigars, permanently enjoining General Cigar from further use of the COHIBA mark, and ordering General Cigar to deliver to Cubatabaco all merchandise, packaging and other materials bearing the COHIBA name, to recall from retail customers and distributors products bearing the mark, and to inform customers and distributors that they could not sell General Cigar's COHIBA-labeled products in the United States. Cubatabaco has cross-appealed from the District Court's dismissal of its treaty-based and state law claims.

This appeal arises from a dispute between Cubatabaco, a Cuban company, and General Cigar, an American company, over who has the right to use the COHIBA mark on cigars. After filing an application to register the COHIBA mark in Cuba in 1969, Cubatabaco began selling COHIBA cigars in Cuba. Cubatabaco has sold COHIBA cigars outside of Cuba since 1982, but, because of the United States embargo against Cuban goods, imposed in 1963, Cubatabaco has never sold COHIBA cigars in the United States. General Cigar obtained a registration for the COHIBA mark in the United States in 1981 and sold COHIBA cigars in the United States from 1978 until late

1987. In 1992, General Cigar relaunched a COHIBA cigar in the United States and has sold cigars under that mark in the United States since that time.

Cubatabaco claims that it owns the U.S. COHIBA trademark because General Cigar abandoned its 1981 registration in 1987 and that, by the time General Cigar resumed use of the mark in 1992, the Cuban COHIBA mark was sufficiently well known in the United States that it deserved protection under the so-called "famous marks doctrine." The District Court agreed and found that, although Cubatabaco had never used the mark in the United States and was prohibited from doing so under the embargo, it nonetheless owned the U.S. COHIBA mark. The District Court concluded that by failing to use the COHIBA mark from late 1987 to 1992, General Cigar abandoned its 1981 registration. It found further that because the Cuban COHIBA mark was sufficiently well known in the United States by November 1992, the date General Cigar resumed its use of the mark, Cubatabaco was entitled to priority in asserting ownership of the mark. After finding that there was a likelihood of confusion between the Cuban COHIBA mark and the General Cigar COHIBA mark, the court granted judgment to Cubatabaco on its claim for trademark infringement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), cancelled General Cigar's registration of the mark, and enjoined General Cigar from using the mark. The court dismissed all other claims brought by Cubatabaco, including claims under international trademark treaties and New York law.

We do not reach the question of whether an entity that has not used a mark on products sold in the United States can nonetheless acquire a U.S. trademark through operation of the famous marks doctrine. We need not reach that question in this case because even were we to

recognize and apply the famous marks doctrine, the Cuban embargo bars Cubatabaco's acquisition of the COHIBA mark via the famous marks doctrine. Therefore, we reverse the District Court's grant of judgment to Cubatabaco on its claim of trademark infringement under Section 43(a) of the Lanham Act. We affirm the District Court's dismissal of all other claims brought by Cubatabaco.

BACKGROUND

In 1963 the United States imposed an embargo on Cuba. The Cuban Asset Control Regulations ("Embargo Regulations" or "Regulations"), 31 C.F.R. § 515.201 *et seq.*, which were promulgated pursuant to Section 5(b) of the Trading with the Enemy Act of 1917, ch. 106, § 5(b), 40 Stat. 415 (codified as amended at 12 U.S.C. § 95a (2000)), contain the terms of the embargo. *See Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 120 (2d Cir.), *cert. denied*, 531 U.S. 918 (2000). In 1996 Congress codified the Regulations in the Cuban Liberty and Democratic Solidarity Act of 1996 ("LIBERTAD Act"), Pub. L. No. 104-114, Title I, § 102, Mar. 12, 1996, 110 Stat. 792 (1996) (codified at 22 U.S.C. § 6032(h)). "The Secretary of the Treasury has the authority to administer the Cuban embargo, which he has delegated to the Office of Foreign Assets Control ('OFAC')." *Havana Club*, 203 F.3d at 120 (citing 31 C.F.R. § 515.802). The Embargo Regulations prevent Cuban entities, such as Cubatabaco, from selling cigars in the United States. Despite its inability to sell cigars here, Cubatabaco claims that it owns the COHIBA mark in the United States and that General Cigar's sale of COHIBA cigars in the United States unlawfully infringes its mark.

The District Court, after a bench trial, issued a comprehensive opinion setting forth its factual findings. *See Empresa Cubana Del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at *3-27 (S.D.N.Y. Mar. 26, 2004) ("*Empresa III*"). Here we recount only those facts necessary to explain our holding.

In 1969 Cubatabaco filed an application to register the COHIBA mark in Cuba. Throughout the 1970s it sold COHIBA cigars in Cuba. By January 1978 Cubatabaco had applied to register the COHIBA mark in seventeen countries, including most Western European countries, but did not apply to register the mark in the United States. In 1982 Cubatabaco began selling COHIBA cigars outside of Cuba. In 1983 Cubatabaco considered registering its COHIBA mark in the United States but learned that General Cigar had already obtained the United States registration. On February 22, 1985, Cubatabaco filed an application with the United States Patent and Trademark Office ("PTO") to register its BEHIQUE mark in the United States with the same trade dress that it used on its COHIBA cigars elsewhere. In 1987 Cubatabaco considered challenging General Cigar's 1981 COHIBA registration, but chose not to take any action.

General Cigar first learned of the name "Cohiba" in the late 1970s after General Cigar executives read a *Forbes* magazine article stating that Cubatabaco was planning to sell its COHIBA cigars outside of Cuba. General Cigar filed an application to register the COHIBA mark with the PTO on March 13, 1978, with a claimed first use date of February 13, 1978. The application was unopposed, and General Cigar obtained the registration on February 17, 1981. General Cigar sold COHIBA cigars in the United States from 1978 until late 1987.

In February 1992 *The Wine Spectator* magazine published articles describing COHIBA as Cuba's "finest" cigar and "*the* hot brand." In September 1992, the premier issue of *Cigar Aficionado* magazine, which had a United States circulation of 115,000 copies, featured a story about Cubatabaco's Cuban COHIBA cigars. The magazine rated cigars and gave the Cubatabaco's COHIBA Robusto the highest ranking. Shortly thereafter, General Cigar decided to use COHIBA on a new premium cigar, which it launched on November 20, 1992. The District Court noted that General Cigar "acknowledges that the reintroduction was at least in part a response to *Cigar Aficionado*'s coverage of the Cuban COHIBA." General Cigar filed for a second COHIBA registration on December 30, 1992, and the application was granted without opposition in 1995.

In late 1992 and early 1993 General Cigar considered seeking permission to use Cubatabaco's registered trade dress. In a January 1993 memo, General Cigar's then in-house counsel wrote that having permission to use the trade dress would help General Cigar "to exploit the popularity, familiarity, brand recognition and overall success of the Cuban Cohiba." General Cigar did not pursue further the plan to seek permission to use the trade dress.

In late January or February 1997 General Cigar decided to launch a new cigar under the COHIBA name. General Cigar acknowledges that the Cuban COHIBA was well known to U.S. cigar consumers by the time General Cigar launched its new product in the fall of 1997. The District Court noted that "[t]he 1997 advertising for the General Cigar COHIBA attempted to create an association in the consumer's mind to Cuba and the Cuban COHIBA."

In January 1997 Cubatabaco commenced a proceeding in the Trademark Trial and Appeal Board to cancel General Cigar's registration of the COHIBA mark. On November 12, 1997, Cubatabaco filed this action alleging thirteen claims against General Cigar. The first six claims alleged violations of various treaty provisions and asserted that Cubatabaco was entitled to relief under Sections 44(b) and 44(h) of the Lanham Act, 15 U.S.C. § 1126(b), (h). In particular, Cubatabaco claimed that General Cigar violated: (1) the protection under Article 6*bis* of the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as revised at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 ("Paris Convention"), for famous marks; (2) Section 10*bis* of the Paris Convention's prohibition against unfair competition; (3) Articles 7 and 8 of the General Inter-American Convention for Trade Mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907 ("IAC"), by using and registering COHIBA for cigars with knowledge of Cubatabaco's use of the mark on cigars; (4) Articles 20 and 21 of the IAC's prohibition against unfair competition; (5) Article 22 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") by representing its cigar as the product of "Cuban seed"; and (6) Article 10 of the Paris Convention by representing its cigar as the product of "Cuban seed."

In addition to the treaty-based claims, Cubatabaco alleged that: (7) General Cigar committed willful trademark and trade dress infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (8) General Cigar engaged in false representation of source of origin in willful violation of Section 43(a) of the Lanham Act by stating that their cigars contained tobacco grown from Cuban seed; (9) General Cigar engaged in deceptive advertising in willful violation of Section

43(a) of the Lanham Act by stating that their cigars contained Cuban seed; (10) General Cigar's acts constituted unfair competition under New York law and under the laws of every state in which General Cigar has engaged in the misconduct alleged; (11) General Cigar's registration should be cancelled pursuant to 15 U.S.C. § 1120; (12) General Cigar's actions were likely to dilute Cubatabaco's COHIBA mark and constituted willful violation of New York General Business Law § 360*l*, comparable laws of other states where General Cigar engaged in the misconduct, and Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); and (13) General Cigar willfully misappropriated Cubatabaco's trademark in violation of New York law and the law of other states where General Cigar engaged in the conduct. Cubatabaco sought injunctive relief, damages, and attorneys' fees. General Cigar counterclaimed, seeking a declaratory judgment that it had the right to continued use and registration in the United States of the COHIBA mark, as well attorneys' fees and costs.

On December 4, 2000, Cubatabaco stipulated to the dismissal with prejudice of its Fifth, Sixth, Eighth, and Ninth claims for relief—i.e., the TRIPS claim, the claim that General Cigar violated Article 10 of the Paris Convention, and claims under Section 43(a) of the Lanham Act for false representation of source of origin and deceptive advertising.[1]

On November 29, 2001, General Cigar moved for summary judgment dismissing Cubatabaco's complaint on the basis of estoppel, acquiescence, and laches, due to Cubatabaco's alleged delay in challenging General

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[1] The stipulation stated that the dismissal was with prejudice, except that dismissal would be without prejudice if the Supreme Court reversed or vacated certain portions of this Court's decision in *Havana Club*.

Cigar's use of the COHIBA mark. On January 29, 2002, Cubatabaco moved to dismiss General Cigar's affirmative defenses. Cubatabaco also moved for partial summary judgment on its claim that General Cigar abandoned its 1981 registration, as well as its claims that General Cigar violated Articles 7 and 8 of the IAC, Article 6*bis* of the Paris Convention, New York common law, and the Federal Trademark Dilution Act.

On June 26, 2002, the District Court, resolving the motions, held that Cubatabaco was entitled to partial summary judgment on its claim that General Cigar had abandoned the COHIBA mark during its period of non-use from 1987 to 1992.[2] *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 267-71 (S.D.N.Y. 2002) ("*Empresa I*"). The court dismissed General Cigar's affirmative defenses of acquiescence, estoppel, and laches.

In addition, the court dismissed Cubatabaco's claims under Articles 7 and 8 of the IAC, reasoning that under our decision in *Havana Club*, the only IAC rights that could be asserted under Sections 44(b) and (h) of the Lanham Act are those rights that are "related to the repression of unfair competition." *Empresa I*, 213 F. Supp. 2d at 279-80. Because Articles 7 and 8 of the IAC relate to the registration of trademarks and are not found

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[2] Because we reverse on other grounds, we need not address the District Court's finding that General Cigar did, in fact, abandon the COHIBA mark. However, we do note that the District Court cited *Silverman* for the premise that "defendants must come forward with objective, hard evidence of actual 'concrete plans to resume use' in the 'reasonably foreseeable future when the conditions requiring suspension abate.' " *Empresa I*, 213 F. Supp. 2d at 268. We do not agree that *Silverman* imposed such a heavy burden. *Silverman* required that, to overcome a presumption of abandonment after a sufficiently long period of non-use, a defendant need show only an intention to resume use "within the reasonably foreseeable future." *Silverman*, 870 F.2d at 46.

in the chapter of the IAC labeled "Repression of Unfair Competition," the court concluded that Article 7 and Article 8 rights could not be asserted under Sections 44(b) and (h) of the Lanham Act. *Id.* at 281-82. The District Court also dismissed Cubatabaco's Article 6*bis* Paris Convention claim, which Cubatabaco asserted under Sections 44(b) and (h) of the Lanham Act, on the ground that Article 6*bis* does not concern "rights related to the repression of unfair competition." *Id.* at 283-84. Finally, the court found that there were material issues of fact regarding Cubatabaco's New York common law and Federal Trademark Dilution Act claims and denied summary judgment to Cubatabaco on those claims. *Id.* at 284-86.

Both parties moved for reconsideration, and the District Court denied the motions. *See Empresa Cubana Del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2002 WL 31251005 (S.D.N.Y. Oct. 8, 2002) ("*Empresa II*"). The court held a bench trial on various dates between May 27, 2003, and June 23, 2003. *Empresa III*, 2004 WL 602295, at *1.

On March 26, 2004, the District Court found that Cubatabaco was entitled to prevail on its claim of trademark infringement under Section 43(a) of the Lanham Act. The court's finding of trademark infringement rested on its adoption of the famous marks doctrine.

The court reasoned that, to prevail on its Section 43(a) trademark infringement claim, Cubatabaco had to establish (1) that its mark is entitled to protection and (2) that General Cigar's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of General Cigar's goods. *Empresa III*, 2004 WL 602295, at *29. The court recognized that the standard test for ownership of a mark is priority of use, and that, under the "territoriality principle," foreign use of a trademark can-

not form the basis for establishing priority in the United States. *Id.* at *30. However, the court rejected General Cigar's argument that it owned the COHIBA mark because it was the first to use it in the United States after it was allegedly abandoned, stating that "General Cigar's priority of use . . . is not the end of the matter." *Id.* Rather, the court held that "[u]nder the common-law well-known or famous marks doctrine, a party with a well known mark at the time another party starts to use the mark has priority over the party using the mark." *Id.* (internal quotation marks omitted). The court concluded that if the Cuban COHIBA mark was sufficiently famous in the United States before General Cigar resumed use of the mark in November 1992, then Cubatabaco owned the U.S. trademark even though it had never used the mark in the United States. The court determined that secondary meaning was the level of recognition required for a mark to be protected under the famous marks doctrine and concluded that the Cuban COHIBA mark was sufficiently well known in the United States by November 1992 that Cubatabaco was entitled to priority. The court further held that Cubatabaco had established a likelihood of confusion between the Cuban COHIBA and General Cigar's COHIBA mark, *id.* at *39-49, and that Cubatabaco was therefore entitled to prevail on its claim of trademark infringement against General Cigar under Section 43(a) of the Lanham Act. *Id.* at *52.[3]

Although finding in Cubatabaco's favor on its claim of trademark infringement, the court dismissed the remainder of Cubatabaco's claims. In particular, the court dismissed Cubatabaco's claim that the band General Cigar used on its cigars infringed upon Cubatabaco's regis-

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[3] The court also rejected General Cigar's claim that Cubatabaco had abandoned the COHIBA mark between 1992 and 1997. *Empressa III*, 2004 WL 602295, at *52.

tered trade dress because Cubatabaco failed to show a likelihood of confusion between the cigar bands. *Id.* at *56. The court dismissed Cubatabaco's Article 10*bis* Paris Convention claim and its claims under Articles 20 and 21 of the IAC as duplicative of Cubatabaco's rights under Section 43(a) of the Lanham Act. As to Cubatabaco's claim under the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. § 1125(c), the court found that Cubatabaco's COHIBA mark had not acquired the high level of fame required by that statute. *Id.* at *53. Cubatabaco's claim under New York's anti-dilution law, NY. Gen. Bus. Law § 360-*l*, was dismissed on similar grounds. *Id.* at *53-54. The court dismissed Cubatabaco's New York unfair competition claim because it found Cubatabaco failed to show that General Cigar acted in bad faith, *id.* at *55, dismissed Cubatabaco's misappropriation claim as duplicative of the New York unfair competition claim, *id.*, and dismissed Cubatabaco's deceptive trade practices claim brought under New York General Business Law § 349 as not actionable, *id.* at 57. The court rejected Cubatabaco's request for cancellation of General Cigar's mark under 15 U.S.C. § 1120 because it had already canceled the registration based on the Section 43(a) violation and because Cubatabaco failed to establish that General Cigar made statements in its registration application with knowledge of their falsity. *Id.* at *55.

Finally, the court noted that the parties had stipulated in the Joint Pretrial Order that "[a]ny trial on the issue of monetary relief claimed by Plaintiff against Defendants shall be bifurcated from a trial on liability." *Id.* at *58. The court stated that if the parties wanted to seek appellate review of the court's liability determinations, they should file a motion for certification pursuant to Federal Rule of Civil Procedure 54(b), and the trial on monetary

relief would be held at a later date. *Id.* Both parties filed motions for the court to enter judgment pursuant to Rule 54(b).

On May 6, 2004, the District Court entered an order, judgment, and permanent injunction, which, *inter alia*: (1) granted Cubatabaco judgment against General Cigar on its claim for infringement of Cubatabaco's COHIBA mark pursuant to 15 U.S.C. § 1125(a) and granted judgment to Cubatabaco on its claim that prior to November 1992 General Cigar had abandoned the COHIBA mark; (2) canceled General Cigar's trademark registration for the COHIBA mark, and permanently enjoined General Cigar from using the COHIBA mark; and (3) ordered General Cigar to deliver to Cubatabaco all goods and labels bearing the COHIBA mark, to recall from retail customers and distributors products bearing the mark, and to inform customers and distributors that they could not sell General Cigar's COHIBA-labeled products in the United States. Finally, the court stated that all of General Cigar's equitable and other affirmative defenses were dismissed with prejudice, and all of Cubatabaco's claims were dismissed with prejudice, except for the claims on which relief was granted. The court found that "[t]here was no reason to delay the appeal of plaintiff's claims for relief and defendants' equitable and other affirmative defenses that have been dismissed with prejudice," and "[i]n the interest of judicial efficiency and to avoid duplicative and piecemeal litigation about liability," the court entered final judgment pursuant to Federal Rule of Civil Procedure 54(b) on "all of the claims and defenses that have been dismissed to date."

The District Court denied General Cigar's motion to stay the order pending appeal, but entered a temporary stay to allow General Cigar to seek such a stay from this Court. On June 23, 2004, this Court granted a stay of the

District Court's order pending appeal, and granted a motion to expedite the appeal.

On appeal, General Cigar argues that the District Court erred in (1) granting summary judgment to Cubatabaco on its claim that General Cigar had abandoned its 1981 trademark registration, and in holding that claims of abandonment are not subject to equitable defenses; and (2) granting judgment to Cubatabaco on its claim of trademark infringement based on a finding that Cubatabaco acquired rights to the mark under the famous marks doctrine. In addition, General Cigar asserts that Cubatabaco lacks standing to bring a Section 43(a) trademark infringement claim because, due to the embargo, Cubatabaco could not establish "commercial injury." General Cigar also makes an argument not raised below—that Cubatabaco's acquisition of trademark rights in the United States through the famous marks doctrine was a transfer of property that was prohibited by the Embargo Regulations.

In addition to defending the District Court's finding of trademark infringement under Section 43(a) of the Lanham Act, Cubatabaco cross-appeals arguing that: (1) Cubatabaco is entitled to protection of its "famous" COHIBA mark under Article 6*bis* of the Paris Convention, which Cubatabaco claims is implemented by Sections 44(b) and (h) of the Lanham Act; (2) General Cigar's registration for the U.S. COHIBA mark should be cancelled under Articles 7 and 8 of the IAC, which Cubatabaco claims are implemented through Sections 44(b) and (h) of the Lanham Act; (3) Cubatabaco is entitled to relief on its New York common law and its treaty-based unfair competition claims brought under Sections 44(b) and (h) of the Lanham Act; and (4) Cubatabaco is entitled to relief on its New York law dilution claim.

After oral argument in this Court we invited the United States Departments of Justice and Treasury ("government") to submit a brief as *amicus curiae* addressing the question of whether the Embargo Regulations barred Cubatabaco's acquisition of the COHIBA mark in the United States via the famous marks doctrine. On November 12, 2004, the government filed its letter brief. There, the government asserts that the Regulations bar Cubatabaco's acquisition of the mark via the famous marks doctrine and that the District Court's finding of trademark infringement under Section 43(a) must therefore be reversed. In addition, the government reasons that the portion of the District Court's order requiring General Cigar to deliver merchandise and other materials bearing the COHIBA mark to Cubatabaco is barred by the Regulations. According to the government, however, the Regulations do not bar the portion of the District Court's order that cancels General Cigar's registration and enjoins its use of the COHIBA mark. The government notes that Cubatabaco's ownership of the U.S. COHIBA mark is not required for a Section 43(a) claim, and expresses the view that, given the District Court's factual findings, the cancellation of General Cigar's mark and the injunction against General Cigar's use of the mark is appropriate relief. On December 3, 2004, the parties filed letter briefs responding to the *amicus curiae* letter brief filed by the government. Cubatabaco asserts that the government correctly concluded that it was entitled to the relief ordered by the District Court under Section 43(a) of the Lanham Act. General Cigar agrees with the government's conclusion that the Embargo Regulations barred Cubatabaco's acquisition of the mark through the famous marks doctrine, but asserts that the government is incorrect in its claim that Cubatabaco is nonetheless entitled to relief under Section 43(a).

DISCUSSION

General Cigar argues that the Embargo Regulations bar Cubatabaco from acquiring rights in the COHIBA mark in the United States through the famous marks doctrine and that the District Court's finding of trademark infringement must therefore be reversed. Although General Cigar did not raise this argument below, we consider it on appeal because it implicates an issue of significant public concern—the United States' national policy towards Cuba as established by the President and the Congress—and it involves a question of pure law. *See Dean Witter Reynolds, Inc. v. Fernandez*, 741 F.2d 355, 360-61 (11th Cir. 1984) (reaching issue regarding the Cuban embargo even though not raised below because "a principal purpose of the Cuban Assets Control Regulations was to deny Cuba access to American dollars which could finance acts of aggression or subversion," and therefore was an issue "of great public concern"); *see also Singleton v. Wulff*, 428 U.S. 106, 121 (1976) ("The matter of what questions may be taken up and resolved for the first time on appeal is one left primarily to the discretion of the courts of appeals, to be exercised on the facts of individual cases."); *Krumme v. WestPoint Stevens Inc.*, 238 F.3d 133, 142 (2d Cir. 2000) ("[W]here an allegedly forfeited claim raises a pure question of law, we may choose to reach the merits." (internal quotation marks omitted)); *Sheffield Commercial Corp. v. Clemente*, 792 F.2d 282, 286 (2d Cir. 1986) (considering issue not raised below regarding New York's Motor Vehicle Retail Installment Sales Act "because of the strong public interest in enforcement of the Act").

For the reasons explained below, we hold that the Embargo Regulations bar Cubatabaco's acquisition of property rights in the U.S. COHIBA trademark through

the famous marks doctrine. Cubatabaco claims no other basis for owning the mark, and, therefore, the District Court's finding of trademark infringement under Section 43(a) of the Lanham Act must be reversed. We do not reach the question of whether to recognize the famous marks doctrine because even if a foreign entity can, as a general matter, acquire trademark rights in the United States through the famous marks doctrine, Cubatabaco's acquisition rights in the COHIBA mark in this manner is barred by the embargo. We also reject Cubatabaco's argument that, even if the embargo bars its acquisition of the mark, it nonetheless is entitled, based on the "fame" of its mark, to obtain cancellation of General Cigar's mark and an injunction barring General Cigar from using the mark in the United States because to grant this relief would entail a transfer of property rights in the COHIBA mark to Cubatabaco in violation of the embargo.

We also do not decide whether the District Court properly found that General Cigar had abandoned its mark between 1987 and 1992. We have no need to decide that issue because even if General Cigar did abandon its mark, it owns the mark now because it resumed use of the mark in November 1992 and Cubatabaco is unable, in light of the embargo, to establish that it acquired rights to the mark in the interval. Finally, we affirm the District Court's dismissal of Cubatabaco's remaining treaty claims and its claims under New York law.

I. Claims Under Sections 43(a), 44(b), and 44(h) of the Lanham Act Based on "Fame" of the Cuban COHIBA Mark.

A. The Trademark Infringement Claim Fails Because Acquisition of the Mark Via the Famous Marks Doctrine Is Prohibited By the Embargo Regulations

Cubatabaco argues that the District Court properly entered judgment in its favor on its claim of trademark infringement under Section 43(a) of the Lanham Act. To prove trademark infringement, Cubatabaco must establish that it owns the COHIBA mark in the United States. According to Cubatabaco, it owns the mark because General Cigar abandoned its 1981 COHIBA registration in 1987 and, by the time General Cigar resumed use of the mark in 1992, the Cuban COHIBA mark was sufficiently well known in the United States that it deserved protection under the famous marks doctrine. For the reasons explained below, we hold that the Embargo Regulations bar Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine, and thus the District Court's finding of trademark infringement is reversed.

1. The Embargo Regulations

Unless otherwise authorized, the Embargo Regulations prohibit a broad range of transactions involving property in which a Cuban entity has an interest. In particular, 31 C.F.R. § 515.201(b) provides in pertinent part that:

> (b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations,

rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

31 C.F.R. § 515.201(b) (2005).[4] Section 515.201(c) provides that "[a]ny transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraphs (a) or (b) of this section is hereby prohibited." *Id.* § 515.201(c); *see also Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 122 n.3 (2d Cir.), *cert. denied*, 531 U.S. 918 (2000).

The Regulations provide several relevant definitions. The "foreign country designated under this part" is Cuba, 31 C.F.R. § 515.201(d), and "property" or "prop-

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[4] We need not decide whether the current version of the Regulations or the 1992 version—the version in effect at the time Cubatabaco alleges it acquired rights to the U.S. COHIBA mark—applies. Except with respect to 31 C.F.R. § 515.527, all the provisions that we consider have either remained unchanged since 1992 or have changed in a manner immaterial to the issues raised here. As we discuss *infra* at **[page 25-26]**, although § 515.527 has been amended since 1992, neither the current version nor the 1992 version authorizes Cubatabaco's acquisition of the mark via the famous marks doctrine.

erty interest" includes trademarks, *id.* § 515.311. "Transfer" is defined broadly to include "any actual or purported act or transaction . . . the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property." *Id.* § 515.310. Section 515.309 provides that the phrase "transactions which involve property in which a designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect includes . . . [a]ny . . . transfer to such designated foreign country or national thereof." *Id.* § 515.309(a). In other words, a transaction involving property in which a Cuban national has an interest includes a transfer of property to a Cuban national.

Therefore, absent a general or specific license, § 515.201(b)(1) of the Regulations prohibits a transfer of property rights, including trademark rights, to a Cuban entity by a person subject to the jurisdiction of the United States. Section 515.201(b)(2) prohibits a transfer outside of the United States of property subject to the jurisdiction of the United States—if the transfer is to a Cuban entity.

General licenses and specific licenses provide exceptions to the prohibition of § 515.201(b). General licenses are contained within the Regulations whereas specific licenses are granted by the OFAC in response to requests. *See id.* §§ 515.201(b), 515.317, 515.318.

A general license authorizing certain actions with respect to trademarks is provided at 31 C.F.R. § 515.527. The current version of the Regulations explicitly authorizes "[t]ransactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of

Cuba or a Cuban national has an interest." *Id.* § 515.527(a)(1). The government asserts that the applicable version of the Regulations is the version in effect in 1992, when the allegedly prohibited transfer of trademark rights to Cubatabaco occurred. *See Amicus Curiae* Br. at 8. In 1992, § 515.527 provided that:

> (1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;
>
> (2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;
>
> (3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;
>
> (4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at any time on or since the "effective date" had any interest.

31 C.F.R. § 515.527(a) (1992). Therefore, the 1992 Regulations did not include an authorization for "[t]ransactions related to the registration and renewal in the United States Patent and Trademark Office . . . of . . . trademarks." 31 C.F.R. § 515.527(a)(1).

Also relevant to our inquiry is the specific license that OFAC granted Cubatabaco in October 1997 before Cubatabaco initiated this action. This license, number C-18942, authorizes Cubatabaco to

> initiate legal proceedings in the U.S. courts and to otherwise pursue their judicial remedies with

respect to claims to the COHIBA trademark (the "Trademark") and against those persons that are alleged to be infringing upon the Trademark (collectively, the "Actions"); and Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C. (the "Firm"), and persons employed by, under the control of, or cooperating with the Firm, are hereby authorized to provide legal services to Cubatabaco and Habanos, S.A. in connection with the Actions, and to receive payment of professional fees and reimbursement for expenses incurred therefor from or on behalf of the Cubatabaco and/or Habanos, S.A., provided that payments of fees, retainers, and other payments originate from a source not currently within the United States, or within the possession or control of a person subject to U.S. jurisdiction, and such payment is not made from a blocked account or blocked funds.

Accordingly, we must determine whether Cubatabaco's acquisition of the U.S. COHIBA mark is a transfer that is prohibited by § 515.201(b), and if so, whether it is nonetheless authorized either by § 515.527, or by the specific license granted to Cubatabaco by the OFAC.

2. Prohibited Transfers

We hold that Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine would constitute a transfer that is prohibited by § 515.201(b), and such transfers are not authorized by a general or specific license.

a. General Prohibition: 515.201(b)

Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine is barred by 31

C.F.R. § 515.201(b)(2), which prohibits "transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States" if the transfer involves property in which a Cuban entity has an interest. 31 C.F.R. § 515.201(b)(2).

A transaction involving property in which a Cuban entity has an interest includes a transfer of property to a Cuban entity. "Property" includes trademarks, *id.* § 515.311, and "transfers outside the United States" of United States trademark rights to Cuban entities are prohibited by § 515.201(b)(2). "Transfer" is broadly defined to include "any . . . act . . . the . . . effect of which is to create . . . any right, remedy, power, privilege, or interest with respect to property." *Id.* § 515.310. Cubatabaco's acquisition of the mark is a "transfer[ ] outside the United States with regard to any property or property interest subject to the jurisdiction of the United States," *id.* § 515.201(b)(2), because Cubatabaco's acquisition of the mark is a transfer of U.S. property rights from inside the United States to Cuba—a location "outside of the United States." Therefore, Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine is barred by § 515.201(b)(2).

Cubatabaco argues that the Embargo Regulations "regulate[ ] *transactions* involving property in which a Cuban national has, or had, an interest, *not* their legal effect." Appellee Br. at 58. In other words, Cubatabaco claims that if the acts that made the Cuban COHIBA famous were permitted under the Regulations, Cubatabaco's acquisition of the mark through operation of the famous marks doctrine is permitted. We reject this argument because there is no doubt that acquisition of property through operation of law is covered by § 515.201(b). As the government asserts, "[r]egardless of whether the acquisition of the COHIBA mark through the famous

marks doctrine is characterized as an 'effect' of other actions or not, it nevertheless falls within the Regulations' definition of a 'transaction' involving property in which a Cuban national has an interest." *Amicus Curiae* Br. at 7. The Regulations explicitly permit specific "transfers by operation of law," including "[a]ny transfer to any person by intestate succession," 31 C.F.R. § 515.525(a)(2), and transfers arising "solely as a consequence of the existence or change of marital status," *id.* § 515.525(a)(1). These provisions would not be necessary if § 515.201's prohibitions did not cover transfers by operation of law.

Our conclusion is consistent with the views expressed by the United States in its *amicus curiae* brief. The United States concludes that "[u]nder the plain language of these regulations, the acquisition of the trademark by Cubatabaco in 1992 through the famous marks doctrine, as found by the district court, created or vested a property right in Cubatabaco, and was therefore prohibited absent a general or specific license." *Amicus Curiae* Br. at 7. Because we conclude that § 515.201(b)(2) clearly bars Cubatabaco's acquisition of the COHIBA mark through the famous marks doctrine, we need not determine what level of deference is owed to the U.S. Department of Treasury's interpretation of the Embargo Regulations. *Cf. Havana Club*, 203 F.3d at 125 (noting that the interpretation of a provision of the Embargo Regulations "given by the agency charged with enforcing the embargo is normally controlling").[5]

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[5] The *amicus curiae* brief cites § 515.201(b)(1) and does not specifically address § 515.201(b)(2). Section 515.201(b)(1) prohibits "transactions," including "transfers," involving property in which a Cuban entity has an interest by any person subject to the jurisdiction of the United States. 31 C.F.R. § 515.201(b)(1). Therefore, § 515.201(b)(1) prohibits transfers of trademarks to Cuban enti-

b. General and Specific Licenses

Because the acquisition of the U.S. COHIBA mark by Cubatabaco through the famous marks doctrine is a prohibited transfer under § 515.201, it is barred unless authorized by a general or specific license.

The general license contained in the 1992 version of § 515.527 does not authorize Cubatabaco's acquisition of the COHIBA mark through the famous marks doctrine. With respect to trademarks, that version of § 515.527 permitted only the filing of applications for trademark registrations, *id.* § 515.527(a)(1), and "[t]he receipt of . . . trademark registration certificates . . . or renewal certificates granted pursuant to any such applications," *id.* § 515.527(a)(4). Clearly, neither of these provisions authorized Cubatabaco's acquisition of the mark through the famous marks doctrine. In addition, even if we applied the current version of § 515.527, which authorizes transactions "related to the registration and renewal" of trademarks in the United States Patent and Trademark Office, we would not read the provision to authorize acquisition of the mark through the famous marks doctrine, as acquisition of a mark through the famous marks doctrine is wholly outside the process of registering the mark with the PTO. *See Havana Club*, 203 F.3d at 123-24 (holding that the "related to" language of § 515.527(a)(1) should be interpreted narrowly

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ties by persons subject to the jurisdiction of the United States. The District Court's holding that Cubatabaco's mark was sufficiently famous in 1992 for property rights to attach could be viewed as a transfer of property rights to Cubatabaco by a "person subject to the jurisdiction of the United States." The United States does not address that particular point, and we need not resolve it because Cubatabaco's acquisition of the mark through the famous marks doctrine is plainly barred by § 515.201(b)(2).

as it creates an exception to the broad prohibitions of the embargo).[6]

Finally, the special license issued by OFAC to Cubatabaco, which allows Cubatabaco to "pursue . . . judicial remedies with respect to claims to the COHIBA trademark," does not permit acquisition of the mark via the famous marks doctrine. This license allows Cubatabaco to seek relief in U.S. courts, but does not authorize transfers of property barred by the Regulations. This is also the view of the government. *See Amicus Curiae* Br. at 10 ("[The OFAC license] does not retroactively authorize the acquisition found by the district court. The most obvious reading of this license is that it allows Cubatabaco to seek remedies but does not alter the substantive law for a court to apply in determining what, if any, remedies are appropriate.")

Accordingly, Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine is barred by the Regulations. We reverse the District Court's finding of trademark infringement under Section 43(a) of the Lanham Act, as that finding was based on the District Court's conclusion that Cubatabaco acquired the COHIBA mark through the famous marks doctrine.

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[6] Indeed, Cubatabaco does not appear to be arguing that § 515.527(a)(1) permits acquisition through the famous marks doctrine. Instead, Cubatabaco argues that (1) its acquisition of the mark is not prohibited by § 515.201(b) because that section does not cover transfers by operation of law and (2) its acquisition of the mark is in any event permitted by the special license granted to it by the OFAC.

B. Cubatabaco's Claims for Injunctive Relief Based on Section 43(a) and the Paris Convention Fail Because They Entail a Transfer of Property Rights to Cubatabaco in Violation of the Embargo

Cubatabaco argues that even if the Regulations bar its acquisition of the U.S. COHIBA mark, it is entitled to obtain cancellation of General Cigar's registration of the COHIBA mark and an injunction preventing General Cigar from using the mark in the United States because its mark was famous in the United States before General Cigar recommenced its use in November 1992. Cubatabaco maintains that this relief is warranted under Section 43(a) of the Lanham Act, as well as under Article 6*bis* of the Paris Convention, which it claims is implemented by Sections 44(b) and (h) of the Lanham Act even if full transfer of the COHIBA mark to Cubatabaco is prohibited.

As an initial matter, we find that granting Cubatabaco the injunctive relief sought would effect a transfer of property rights to a Cuban entity in violation of the embargo. There is no contest that, as matters stand, General Cigar has the full panel of property rights in the COHIBA mark, including the right to exclude or limit others seeking to use the mark in the United States. Invoking Sections 43(a), 44(b), and 44(h) of the Lanham Act and treaty duties owed by a state party to the Paris Convention, Cubatabaco seeks to exclude General Cigar from commercial use of the COHIBA mark in the United States. There is no doubt that granting this relief to Cubatabaco would entail a transfer from General Cigar to Cubatabaco of a "right, remedy, power, privilege, or interest with respect to [the COHIBA mark]." 31 C.F.R. § 515.310. As it is exactly this brand of property right transfer that the embargo prohibits, we cannot sanction a grant of injunctive remedy to Cubatabaco in the form

of the right, privilege, and power to exclude General Cigar from using its duly registered mark. As described below, this limitation on judicial authority applies equally to Cubatabaco's Lanham Act and Paris Convention claims.

1. Section 43(a) Claim for Unfair Competition

In response to the *amicus curiae* brief submitted by the United States, Cubatabaco argues that even if acquisition of the U.S. COHIBA mark is barred by the Embargo Regulations and Cubatabaco cannot bring a trademark infringement claim under Section 43(a) of the Lanham Act, it nonetheless should obtain, under Section 43(a), cancellation of General Cigar's mark and an injunction against General Cigar's use of the mark.[7] Cubatabaco asserts that the government correctly concludes that ownership of a mark is not required for a Section 43(a)

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[7] Section 43(a)(1) of the Lanham Act provides:

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
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> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
> >
> > (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1).

claim of unfair competition, and that the District Court's factual findings support the conclusion that General Cigar violated Section 43(a).[8]

Cubatabaco did not litigate this Section 43(a) claim in the District Court. The only Section 43(a) claim that Cubatabaco brought was a claim for trademark infringement. Cubatabaco did initially assert in its complaint several non-trademark infringement claims under Section 43(a), but it stipulated to dismissal of those claims with prejudice after our decision in *Havana Club*. Cubatabaco argues, however, that "the United States' construction of the Lanham Act is properly before this Court" and "[a]ny supposed delay in advancing legal theories supporting affirmance is solely attributable to [General Cigar's] own failure to raise its [Embargo Regulations] arguments until appeal." Appellee Letter Br. at 14. Because Cubatabaco might have litigated in the District Court a claim of the type imagined by the United States had General Cigar argued below that the Regulations barred Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine, we address Cubatabaco's argument that the relief ordered by the District Court was appropriate even if the embargo prevents Cubatabaco from owning the U.S. COHIBA mark.

Adopting the views set forth in the *amicus curiae* brief filed by the United States, Cubatabaco argues that even if General Cigar owns the COHIBA mark in the United States, Cubatabaco can prevail in a Section 43(a) claim against General Cigar on the theory that General Cigar's

[8] The government argues that cancelling General Cigar's mark, enjoining General Cigar's use of the mark, and requiring General Cigar to recall goods and labels bearing the mark, based on a finding of unfair competition under Section 43(a), is not barred by the Embargo Regulations.

use of the COHIBA mark in the United States causes consumer confusion. In support of this argument, Cubatabaco argues that Section 43(a) "goes beyond trademark protection." Appellee Letter Br. at 8.

While it is true that Section 43(a) "goes beyond trademark protection," *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003), to prohibit market behavior that may "deceive consumers and impair a producer's goodwill," *id.* at 32, through "the deceptive and misleading use of marks . . . '§ 43(a) can never be a federal codification of the overall law of unfair competition,' but can apply only to certain unfair trade practices prohibited by its text," *id.* at 28-29 (quoting 4 J. McCarthy *Trademarks and Unfair Competition* § 27:7, p 27-14 (4th ed. 2002) (internal quotation marks omitted)). Specifically, Section 43(a) includes causes of action grounded in allegations of "false or misleading description of fact," "false or misleading representation of fact," or false designation of geographic origin.

None of these theories need detain us here, however, because the case before us turns on the right to use the COHIBA mark, putting it well within the category of Section 43(a) cases that involve claims "for infringement of rights in a mark acquired by use." *Virgin Enterps., Ltd. v. Nawab*, 335 F.3d 141, 146 (2d Cir. 2003); *see also* 4 McCarthy, *supra*, § 27:9 ("[Section] 43(a) gradually developed through judicial construction into the foremost federal vehicle for the assertion of two major and distinct types of 'unfair competition': (1) infringement of even unregistered marks, names and trade dress, and (2) 'false advertising.' . . . . [I]n 1989, Congress codified the two-prongs . . . ."). Cubatabaco stipulated to the dismissal of its false advertising claim and is not

attempting to argue that General Cigar is engaging in any form of false advertising.[9]

Therefore, the cases that provide the closest analogues to the case at bar are those like *Genesee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137 (2d Cir. 1997), where we held that although Genesee could not prevail in a claim for trademark infringement under Section 43(a) against Stroh because the phrase "Honey Brown," which it was seeking to protect, was generic as applied to Stroh's ale beer, "[t]he fact that Genesee's mark is generic as applied to Stroh's product . . . does not preclude a finding that Stroh has violated the Lanham Act by engaging in unfair competition." *Id.* at 149. In *Genesee*, the plaintiff's ability to bring a claim for confusion against a defendant using a particular trademark in commerce depended on the plaintiff showing that it was the first to use the mark in commerce. The plaintiff in *Genesee* was not attempting to assert a Section 43(a) unfair competition claim against a defendant who owned the mark at issue—rather, the claim was against a defendant who was using a generic mark subsequent to the plaintiff's use of the mark.

Cubatabaco's theory is that General Cigar's sale of COHIBA cigars in the United States violates Section 43(a) because it is likely to cause consumer confusion as

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[9] Section 43(a) also "goes beyond trademark protection" in the sense that the provision can be used to protect trade dress or to protect against other forms of product infringement. But this is not a case about trade dress—Cubatabaco originally brought a trade dress infringement claim but has not appealed the District Court's dismissal of the claim. This is, rather, a case about which entity owns the COHIBA trademark in the United States, and—principally because we hold that the Regulations prohibit transfer of any property right in the COHIBA mark to Cubatabaco—we hold today that General Cigar, and not Cubatabaco, owns the COHIBA trademark in the United States.

to the source or attribution of those cigars. The confusion alleged by Cubatabaco in support of its Section 43(a) claim is derived solely from General Cigar's use of the COHIBA mark. Cubatabaco cannot obtain relief on a theory that General Cigar's use of the mark causes confusion, because, pursuant to our holding today, General Cigar's legal right to the COHIBA mark has been established as against Cubatabaco. General Cigar has a right to use the mark in the United States because it owns the mark in the United States.

In Part IA of this opinion we held that General Cigar has priority rights to the COHIBA mark in the United States as against Cubatabaco. *See supra* at **[page 19-27]**. To allow Cubatabaco to prevail on a claim of unfair competition against General Cigar and to obtain an injunction prohibiting General Cigar from using the mark would turn the law of trademark on its head. None of United States law, the facts in this case, or international treaties warrants such acrobatics in this case. We therefore find that, on the facts of this case, Cubatabaco's Section 43(a) claim seeking an injunction against General Cigar's use of its duly registered COHIBA mark cannot succeed as a matter of law.

We do not find the analysis offered by the government and by Cubatabaco in defense of the recast Section 43(a) persuasive. It may be true that, as the government argues, "Cubatabaco's foreign registrations give it the right to register its COHIBA mark [in the United States], absent General Cigar's registration." *Amicus Curiae* Br. at 12. That is, however, a hypothetical circumstance upon which we need not speculate. As we hold today, General Cigar *does have* a valid registration on the COHIBA mark in the United States. Further, while it may be true, as the government points out, that Cubatabaco's COHIBA mark "was 'famous' and had secondary meaning in the United

States before General Cigar's first use [of its COHIBA mark]," *id.*, we have already held that this fact cannot justify a transfer of property rights in the COHIBA mark to Cubatabaco via the "famous marks doctrine." We see no reason to alter that holding to allow Cubatabaco to achieve the same transfer via a route that is one step more circuitous than the path rejected above.

2. Article 6bis Paris Convention

Cubatabaco maintains that even if the Regulations bar its acquisition of the mark, and even if it cannot obtain relief for an unfair competition claim under Section 43(a), it has a right under Article 6*bis* of the Paris Convention, in conjunction with Sections 44(b) and (h) of the Lanham Act, to obtain cancellation of General Cigar's mark and an injunction against its use.

Article 6*bis* of the Paris Convention provides that:

> (1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.
>
> (2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union

> may provide for a period within which the prohibition of use must be requested.
>
> (3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Paris Convention, Art. 6*bis*, 21 U.S.T. at 1640.

Both the United States and Cuba are parties to the Paris Convention. *Id.* at 1669, 1676.

According to Cubatabaco, Sections 44(b) and (h) incorporate treaty provisions relating to the "repression of unfair competition," and rights under Article 6*bis* fall into that category. Section 44(b) provides that:

> Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

15 U.S.C. § 1126(b). Therefore, Cubatabaco is entitled to the benefits of Section 44, "under the conditions expressed herein," but only to the extent necessary to give effect to any provision of a treaty. Section 44(h) provides:

> Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement

> of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Id. § 1126(h). "Rights under Section 44(h) are co-extensive with treaty rights under section 44(b), including treaty rights 'relating to . . . the repression of unfair competition.' " *Havana Club*, 203 F.3d at 134 (quoting 15 U.S.C. § 1126(b)); *see also Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907 (9th Cir. 2002) (" '[T]he grant in subsection (h) of effective protection against unfair competition is tailored to the provisions of the unfair competition treaties by subsection (b), which extends the benefits of section 44 only to the extent necessary to give effect to the treaties.' Subsection 44(h) creates a federal right that is coextensive with the substantive provisions of the treaty involved." (quoting *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 792 (9th Cir. 1981) (citation omitted))).

Cubatabaco may be correct that Sections 44(b) and (h) incorporate Article 6*bis* and allow foreign entities to acquire U.S. trademark rights in the United States if their marks are sufficiently famous in the United States before they are used in this country. That is the view expressed by some commentators. *See* 4 *McCarthy on Trademarks and Unfair Competition* § 29:4 (4th ed. 2004) ("In the author's view, the well-known or famous marks doctrine of Paris Convention Article 6*bis* is incorporated into United States domestic law though the operation of Lanham Act § 43(a), § 44(b) and § 44(h)." (footnote omitted)).[10]

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[10] *McCarthy* asserts that claims for protection of "famous" marks should be brought under Section 43(a). *See* 4 *McCarthy on Trademarks and Unfair Competition* § 29:4 ("Lanham Act § 43(a) gives a foreign national without a federal registration of its mark standing to sue in a federal court, invoke the well-known marks doctrine of the Paris Convention Article 6bis, and prevail if its mark is

However, we need not decide that broad question here because even assuming that the famous marks doctrine is otherwise viable and applicable, the embargo bars Cubatabaco from acquiring property rights in the U.S. COHIBA mark through the doctrine. The Embargo Regulations do not permit Cubatabaco to acquire the power to exclude General Cigar from using the mark in the United States. We do not read Article 6*bis* and Section 44(b) and (h) of the Lanham Act to require cancellation of General Cigar's properly registered trademark or an injunction against its use of the mark in the United States under these circumstances.

In any event, to the extent that the Paris Convention, standing alone, might pose an irreconcilable conflict to the Regulations, the latter will prevail. "[A]n act of congress ought never to be construed to violate the law of nations, if any other possible construction remains." *Weinberger v. Rossi*, 456 U.S. 25, 32 (1982) (quotations and citations omitted). However, as we have recently recalled, "legislative acts trump treaty-made international law" when those acts are passed subsequent to ratification of the treaty and clearly contradict treaty obligations. *United States v. Yousef*, 327 F.3d 56, 110 (2d Cir. 2003) (citing *Breard v. Greene*, 523 U.S. 371, 376 (1998); *see also Whitney v. Robertson*, 124 U.S. 190, 194 (1888) (if a treaty and a federal statute conflict, "the one last in date will control the other"). The most recent iteration of the Paris Convention was ratified by the United States in 1970, *see* 21 U.S.T. 1583; whereas the

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so well-known in the U.S. that confusion is likely."). To the extent that a foreign entity attempts to utilize the famous marks doctrine as basis for its right to a U.S. trademark and seeks to prevent another entity from using the mark in the United States, the claim should be brought under Section 43(a). Under Section 43(a), both foreign and domestic entities can seek relief for infringement of unregistered marks.

Regulations were reaffirmed and codified in 1996 with the passage of the LIBERTAD Act, 110 Stat. 792 (1996), 22 U.S.C. § 6032(h). In these circumstances, any claim grounded in the Paris Convention that presented an irreconcilable conflict with the Regulations would be rendered "null" by the Regulations. *Breard*, 523 U.S. at 376.

II. Other Treaty Claims Brought Under Sections 44(b) and (h) of the Lanham Act

A. Articles 7 and 8 of the IAC

Cubatabaco argues that the District Court erred in dismissing its claims under Articles 7 and 8 of the Inter-American Convention. Both the United States and Cuba are parties to the IAC. *See* IAC, Art. 13, 46 Stat. 2907, 2946-47; *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 121 (2d Cir.), *cert. denied*, 531 U.S. 918 (2000).

Articles 7 and 8 appear in the chapter of the IAC entitled "Trademark Protection." Article 7 provides that:

> Any owner of a mark protected in one of the Contracting States in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the Contracting States, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or recourse provided in the country in which such interfering mark is being used or where its registration or deposit is being sought, and upon proof that the person who is using such mark or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting

> States of the mark on which opposition is based upon goods of the same class, the opposer may claim for himself the preferential right to use such mark in the country where the opposition is made or priority to register or deposit it in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.

IAC, Art. 7, 46 Stat. at 2918-19. Article 8 provides that:

> When the owner of a mark seeks the registration or deposit of the mark in a Contracting State other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which cancellation is sought, the stipulations in Paragraph (a) and those of either Paragraph (b) or (c) below:
>
> > (a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and
> >
> > (b) that the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration or deposit in any of the Contracting States of the mark for the specific goods to which said interfering mark is applied, prior to adoption and use thereof or prior to the filing of the application or deposit of the mark which is sought to be cancelled; or

> (c) that the owner of the mark who seeks cancellation based on a prior right to the ownership and use of such mark, has traded or trades with or in the country in which cancellation is sought, and that goods designated by his mark have circulated and circulate in said country from a date prior to the filing of the application for registration or deposit for the mark, the cancellation which is claimed, or prior to the adoption and use of the same.

IAC, Art. 8, 46 Stat. at 2920-21.

According to Cubatabaco, Articles 7 and 8 of the IAC "grant the owner of a trademark in one country (Cuba) the priority to register and to use the mark in another country (the U.S.), *as against* one ([General Cigar]) who had knowledge of the treaty national's prior use or registration (Cubatabaco's use or registration in Cuba)." Appellee's Br. at 85. Cubatabaco argues that under Articles 7 and 8, "[i]f the foreign treaty national's application to register the mark would otherwise be refused, it can cancel the 'interfering' registration" and "has the 'right to oppose such use.' " *Id.*

Cubatabaco asserts that it is entitled to relief for its claims under Articles 7 and 8 of the IAC under Sections 44(b) and (h) of the Lanham Act. In *Havana Club*, however, we noted that a foreign entity may not assert a claim under Article 23 of the IAC pursuant to Section 44(h) of the Lanham Act "because the IAC does not treat rights under Article 23 as rights related to the repression of unfair competition."[11] *Havana Club*, 203 F.3d at 135

[11] Article 23 of the IAC, which appears under Chapter V of the IAC entitled "Repression of False Indications of Geographical Origin or Sources," provides: "Every indication of geographical origin or source which does not actually correspond to the place in which

n.19. Following our holding in *Havana Club*, the District Court concluded that Cubatabaco could not assert rights under Articles 7 and 8 of the IAC pursuant to Section 44(h) of the Lanham Act because Articles 7 and 8 are not related to the repression of unfair competition. The court noted that Chapter IV of the IAC, which includes Articles 20, 21, and 22, is entitled "Repression of Unfair Competition," whereas Articles 7 and 8 of the IAC are located in Chapter II, which is entitled "Trademark Protection." *Empresa I*, 213 F. Supp. 2d at 281. Furthermore, the court said that Articles 7 and 8 relate to priority of registration and under Section 44(d) Congress "specifically carved out how owners of trademarks registered in other countries may obtain a U.S. registration." *Id.*

We agree with the District Court that Cubatabaco cannot assert claims under Articles 7 and 8 pursuant to Section 44(h) of the Lanham Act because Articles 7 and 8 do not relate to the repression of unfair competition. As General Cigar points out, Congress enacted Section 44(d) of the Lanham Act to implement treaty rights regarding priority of foreign registrants. Under Section 44(d), a foreign entity, whose country of origin is a party to a trademark treaty to which the United States is also a party, can secure priority in the United States from the date of its foreign registration as long as it registers in the United States within six months of the date of its foreign registration and it states that it has "a bona fide intention to use the mark in commerce." 15 U.S.C. § 1126(d). Foreign entities are entitled to this benefit regardless of whether a domestic registrant or user had knowledge of the prior foreign registration or use. Thus,

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the article, product or merchandise was fabricated, manufactured, produced or harvested, shall be considered fraudulent and illegal, and therefore prohibited." IAC, Article 23, 46 Stat. at 2934.

although Section 44(d) contains a time limit, the priority rights it provides for foreign entities are broader than Articles 7 and 8 of the IAC. Congress implemented Articles 7 and 8 through Section 44(d) of the Lanham Act and those provisions do not relate to the "repression of unfair competition" within the meaning of Section 44(h). Accordingly, we hold that Cubatabaco cannot assert Article 7 or Article 8 rights under Sections 44(b) and (h) of the Lanham Act. The District Court properly dismissed these claims.

B. Treaty-Based Unfair Competition Claims

Cubatabaco argues that the District Court erred in dismissing its claims under Articles 20 and 21 of the IAC,[12]

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[12] Article 20 of the IAC provides that "[e]very act or deed contrary to commercial good faith or to the normal and honorable development of industrial or business activities shall be considered as unfair competition and, therefore, unjust and prohibited." IAC, Art. 20, 46 Stat. at 2930-32. Article 21 provides:

> The following are declared to be acts of unfair competition and unless otherwise effectively dealt with under the domestic laws of the Contracting States shall be repressed under the provisions of this Convention:
>
> (a) Acts calculated directly or indirectly to represent that the goods or business of a manufacturer, industrialist, merchant or agriculturist are the goods or business of another manufacturer, industrialist, merchant or agriculturist of any of the other Contracting States, whether such representation be made by the appropriation or simulation of trade marks, symbols, distinctive names, the imitation of labels, wrappers, containers, commercial names, or other means of identification;
>
> (b) The use of false descriptions of goods, by words, symbols or other means tending to deceive the public in the country where the acts occur, with respect to the nature, quality, or utility of the goods;

(footnote continued)

and Article *10bis* of the Paris Convention,[13] all of which Cubatabaco asserted pursuant to Sections 44(b) and (h) of the Lanham Act.

(c) The use of false indications of geographical origin or source of goods, by words, symbols, or other means which tend in that respect to deceive the public in the country in which these acts occur;

(d) To sell, or offer for sale to the public an article, product or merchandise of such form or appearance that even though it does not bear directly or indirectly an indication of origin or source, gives or produces, either by pictures, ornaments, or language employed in the text, the impression of being a product, article or commodity originating, manufactured or produced in one of the other Contracting States;

(e) Any other act or deed contrary to good faith in industrial, commercial or agricultural matters which, because of its nature or purpose, may be considered analogous or similar to those above mentioned.

Id., Art. 21, 46 stat. at 2932-34.

[13] Article 10*bis* provides:

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the

In *Havana Club* we dismissed a claim for unfair competition brought by the plaintiff under Article 21(c) of the IAC and Section 44(h) of the Lanham Act. We noted that Article 21 of the IAC "authorizes the prohibition of its specified acts of unfair competition 'unless otherwise effectively dealt with under the domestic laws of the Contracting States.'" *Havana Club*, 203 F.3d at 134 (quoting IAC, Art. 21, 46 Stat. at 2932). We held that Section 43(a) already effectively prohibited the conduct covered by Article 21(c) of the IAC and dismissed the IAC claim. That holding applies here. Cubatabaco does not claim that Article 21 prohibits a broader range of conduct than Section 43(a) of the Lanham Act. Appellant Reply Br. at 22. Therefore, Cubatabaco cannot bring a claim under Article 21 of the IAC pursuant to Sections 44(b) and (h). To the extent Cubatabaco is attempting to raise claims under IAC Article 20, that provision does not provide a separate basis for relief because it is implemented through Section 43(a) of the Lanham Act.

In addition, Cubatabaco cannot maintain a claim for unfair competition under Article 10*bis* of the Paris Convention pursuant to Sections 44(b) and (h) of the Lanham Act. The Paris Convention requires that "foreign nationals . . . be given the same treatment in each of the member countries as that country makes available to its own citizens." *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 640 (2d Cir.), *cert. denied*, 352 U.S. 871 (1956). "[T]he Paris Convention provides for national treatment, and does not define the substantive law of unfair competition." *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 908 (9th Cir. 2002). As the Eleventh Circuit has explained:

> manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

Paris Convention, Art. 10*bis*, 21 U.S.T. at 1648.

> We agree that section 44 of the Lanham Act incorporated, to some degree, the Paris Convention. But we disagree that the Paris Convention creates substantive rights beyond those independently provided in the Lanham Act. As other courts of appeals have noted, the rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act. Instead, we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires "national treatment."
>
> National treatment means that "foreign nationals should be given the same treatment in each of the member countries as that country makes available to its own citizens." So, section 44 of the Lanham Act gives foreign nationals the same rights and protections provided to United States citizens by the Lanham Act. As such, foreign nationals like Plaintiff may seek protection in United States courts for violations of the Lanham Act. But the Paris Convention, as incorporated by section 44 of the Lanham Act, creates no new cause of action for unfair competition. Any cause of action based on unfair competition must be grounded in the substantive provisions of the Lanham Act.

Int'l Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc., 252 F.3d 1274, 1277-78 (11th Cir. 2001) (citations omitted). Therefore, we conclude that Cubatabaco cannot maintain a separate claim for unfair competition under Article 10*bis* and Sections 44(b) and (h). Rather, a claim for unfair competition must be brought under Section 43(a) or state law. *See Mattel*, 296 F.3d at 908.[14]

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[14] In any event, as noted above, any irreconcilable conflict between the Paris Convention and the Regulations would be resolved in favor of the Regulations.

III. STATE LAW CLAIMS

Cubatabaco also argues that the District Court erred in dismissing its New York unfair competition claim, and its claim under New York's anti-dilution statute, N.Y. Gen. Bus. Law § 360-*l*.[15] We affirm the dismissal of both of these claims.

The District Court found that General Cigar had not acted in bad faith by using the COHIBA name, and, because bad faith must be demonstrated for a claim of unfair competition under New York law, Cubatabaco's claim should be dismissed. We agree. A plaintiff claiming unfair competition under New York law must show that the defendant acted in bad faith. *See Genesee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137, 149 (2d Cir. 1997) ("The district court was correct that Genesee's *state law* claim of unfair competition is not viable without a showing of bad faith."); *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 35 (2d Cir. 1995) (stating that in "a common law unfair competition claim under New York law" there "must be some showing of bad faith"). We find no error in the District Court's bad faith determination and therefore affirm the dismissal of the claim.

We affirm the District Court's dismissal of Cubatabaco's claim of dilution under New York General Business Law § 360-*l*. Cubatabaco has failed to establish that it owns

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[15] That statute provides:

> Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

N.Y. Gen. Bus. Law § 360-*l* (McKinney Supp. 2004).

the COHIBA mark and cannot prevail on a claim of dilution. *See The Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 966 (2d Cir. 1996) ("To establish a trademark dilution claim under New York law, TSA must show ownership of a distinctive mark and a likelihood of dilution.").

CONCLUSION

For the foregoing reasons, the judgment of the District Court is affirmed in part, reversed in part, and remanded for entry of an order dismissing all remaining claims. We vacate those portions of the District Court's order that cancel General Cigar's registration, enjoin its use of the mark, order it to deliver materials to Cubatabaco, and require it to recall from retail customers and distributors products bearing the mark, and to inform customers and distributors that they cannot sell General Cigar's COHIBA-labeled products in the United States.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

04-2527-cv
Filed June 1, 2005

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, Foley Square, in the City of New York, on the 1st day of June two thousand five.

EMPRESA CUBANA

—v.—

CULBRO CORPORATION

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the Appellee-Cross-Appellant Empresa Cubana Del Tabaco. Upon consideration by the panel that decided the appeal, it is Ordered that said petition for rehearing is **DENIED**.

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the

appeal and that no such judge has requested that a vote be taken thereon.

For the Court,

Roseann B. MacKechnie, Clerk

By: Tracy W. Young
Motion Staff Attorney

[LETTERHEAD OF U.S. DEPARTMENT OF JUSTICE]

November 12, 2004

By Facsimile 212 857-8578 and Federal Express Overnight

Ms. Roseann B. MacKechnie
Clerk of the Court
U.S. Court of Appeals, Second Circuit
Thurgood Marshall U.S. Courthouse at Foley Square
40 Centre Street
New York, NY 10007

Attn: Tammy Martinez

Re: Empresa Cubana del Tabaco, d/b/a Cubatabaco v. Culbro Corp., et al., No. 04-2527 (2d Cir.)

This *amicus curiae* letter brief on behalf of the United States is submitted as requested in the Court's letter dated August 27, 2004 to the Acting Solicitor General and the General Counsel of the Department of the Treasury.

QUESTION PRESENTED

This case involves a dispute between General Cigar Company (a United States corporation) and Cubatabaco (a Cuban state-owned entity), centering on the rights to the COHIBA trademark in the United States. The district court found that Cubatabaco had acquired the right to the COHIBA trademark in the United States through application of the "famous marks doctrine." Although the United States did not participate in this case in the district court, this Court invited the United States to submit an *amicus curiae* letter brief. The question presented by

the Court is: "Is it consistent with the Cuban Assets Control Regulations ("CACR"), 31 C.F.R. § 515.101 *et seq.*, for Cubatabaco to acquire trademark rights in this manner?" The Court requested that the United States, in answering that question, provide its views on the following issues:

> 1) whether the District Court's order constitutes a transfer of property that is prohibited by the CACR, see 31 C.F.R. §§ 515.201(b)-(c), 515.309, 515.3 10; 2) whether Cubatabaco's acquisition of the mark through the "famous marks doctrine" is a transfer by operation of law that is prohibited by the CACR, *see* 31 C.F.R. § 515.201(b)-(c), 515.525; 3) whether Cubatabaco's acquisition of the mark is authorized by 31 C.F.R. § 515.527; 4) whether Cubatabaco's acquisition of the mark is authorized by the special license that was issued to it on October 16, 1997 by the Office of Foreign Assets Control (License No. C-18942); and 5) such other aspects of the CACR that you deem relevant to this case.

STATEMENT

1. A more complete recitation of the facts is contained in the district court's opinions, especially that of March 26, 2004, as well as in the parties' briefs. We recite here our understanding of the factual and legal findings of the district court relevant to the question the Court has asked.

a. Plaintiff Cubatabaco is a Cuban governmental entity that exports Cuban tobacco products. Defendant General Cigar Co. is a Delaware corporation that manufactures and distributes tobacco products. Other defendants are related corporate entities.

In the 1970s, Cubatabaco registered its COHIBA trademark for cigars in Cuba and many other countries. It began exporting COHIBA cigars in the early 1980s. In the mid-1980s, Cubatabaco decided not to pursue registration of the COHIBA trademark in the United States, apparently upon advice from counsel who determined that General Cigar had already registered the COHIBA trademark in the United States under an application filed in 1978. However, Cubatabaco did register a different mark—BEHIQUE—in the United States with the same trade dress that it used for COHIBA elsewhere. Cubatabaco did not take any steps to challenge General Cigar's use of the COHIBA mark at that time. SPA-50 to -51.[1]

General Cigar became aware of the Cuban COHIBA mark in the late 1970s and obtained the U.S. registration in 1981 based on a first use in 1978. Its sales of COHIBA cigars peaked in the early 1980s but ceased at some point in 1987. By 1992, General Cigar possessed no goodwill from the COHIBA mark. SPA-51 to -52. However, in 1992, a new magazine, *Cigar Aficionado,* published articles extremely favorable towards the Cuban COHIBA cigars. On November 20, 1992, General Cigar started using the COHIBA name for one of its premium cigars (previously marketed under a different name). SPA-53 to -54. General Cigar's new application to register the COHIBA mark was published in 1994 and granted without opposition in 1995. SPA-60. However, in 1997, Cubatabaco commenced proceedings before the United States Patent and Trademark Office (USPTO) and

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[1] Citations to the district court opinions are to the parties' Special Appendix filed in this appeal. In accord with the practice of the parties, this document is cited as "SPA-" followed by the relevant page number.

its Trademark Trial and Appeal Board (TTAB) to cancel General Cigar's COHIBA registration and to register its own COHIBA mark. SPA-63. General Cigar then launched a new super-premium cigar with the COHIBA name. SPA-64. Later in 1997, Cubatabaco filed the instant lawsuit, seeking injunctive relief and monetary damages under several treaty provisions, the Lanham Act, and New York State law. The USPTO and TTAB proceedings have been stayed pending the outcome of the judicial proceedings.

b. The district court addressed Cubatabaco's claims piecemeal over a series of orders both before and after the bench trial in this case. Specifically relevant to the questions that the Court has posed to the United States, the district court held that Cubatabaco had a protectable mark and that General Cigar's use of that mark was likely to cause consumer confusion as to the origin or sponsorship of its cigars. *See* SPA-70 to -83. In reaching this holding, the district court applied the "common-law 'well-known' or 'famous marks' doctrine," which was "first recognized in Article 6bis of the Paris Convention." SPA-70. The district court concluded that by the time General Cigar first used the COHIBA mark (in November 1992) after abandoning its previous registration, the Cuban COHIBA mark had become well known in the United States. Therefore, by operation of the famous marks doctrine, "Cubatabaco had a legally protectable right to the mark at that time." SPA-77. The court based its conclusions regarding the fame of the Cuban COHIBA mark at that time on consumer studies, unsolicited media coverage, and attempts to plagiarize the mark. SPA-74 to 77. The court also concluded that "there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA." SPA-77 to 83. Having concluded that Cubatabaco possessed a pro-

tectable COHIBA mark in the United States in November 1992 under the famous marks doctrine and that there was a likelihood of confusion between the two COHIBA marks, the district court concluded that Cubatabaco was entitled to relief under the Lanham Act, ordered the cancellation of General Cigar's COHIBA registration, and enjoined the further use of the mark by General Cigar. SPA-85. Having previously bifurcated the trial on liability from any trial on damages, the district court delayed a decision on damages pending further evidentiary proceedings. SPA-89 to -90. Finally, the district court certified its order for interlocutory appeal. SPA-97 to -98.

c. This Court granted cross-petitions for interlocutory appeal and a stay pending appeal. On appeal, General Cigar argued that the Department of the Treasury's Office of Foreign Assets Control (OFAC) Cuban Assets Control Regulations (the Regulations) prevented Cubatabaco from acquiring trademark rights through the famous marks doctrine, as the district court had held. General Cigar Br. 59-64. Cubatabaco asserted that this argument had been waived, but, in any event, that the Regulations did not prevent its acquisition of trademark rights. Cubatabaco Br. 57-61. Oral argument was held in this case on August 24, 2004, and it is currently under consideration.

2. This Court has recently described the history and status of the Cuban embargo as follows:

> *The Cuban embargo.* In 1963, the United States imposed an embargo on Cuba, reflected in the Cuban Assets Control Regulations ("CACR"), as amended, 31C.F.R. §§ 515.101-515.901 (1999), promulgated pursuant to section 5(b) of the Trading with the Enemy Act of 1917, as amended, 12 U.S.C.

> § 95a ("TWEA"). In 1996,Congress enacted the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act ("LIBERTAD Act"), Pub. L. No. 104-114, 110 Stat. 785 (1996), which, among other things, codified the regulations implementing the Cuban embargo, *see* 22 U.S.C. § 6032(h). The Secretary of the Treasury has the authority to administer the Cuban embargo, which he has delegated to the Office of Foreign Assets Control ("OFAC"), *see* 31 C.F.R. § 515.802.

Havana Club Holding, S.A. v. Galleon, S.A., 203 F.3d 116, 120 (2d Cir. 2000); *see also Regan v. Wald*, 468 U.S. 222, 225-59 (1984). As this Court went on to note, the purpose of the Regulations is to "prevent any Cuban national or entity from attracting hard currency into Cuba by selling, assigning, or otherwise transferring rights subject to United States jurisdiction." *Havana Club*, 203 F.3d at 124.

The OFAC Regulations broadly prohibit transactions involving property in which Cuba or a Cuban national has an interest, including "all dealings in, including, without limitation, transfers, withdrawals, or exportations of, any-property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States." 31 C.F.R. § 515.201(b)(1). The term "transfer" is also defined extremely broadly to include "any actual or purported act or transaction . . . the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property." *Id.* § 515.310. And finally, the team "property" is defined broadly to specifically encompass trademarks. *Id.* § 515.311(a).

There are two broad categories of exceptions to these prohibitions. General licenses, contained within the Regulations themselves, constitute one such category. Specific licenses, granted by OFAC in response to specific requests, constitute the other. *See* 31 C.F.R. § 515.201 (recognizing the Secretary of the Treasury or designee to create exceptions from the embargo prohibitions "by means of regulations, rulings, instructions, licenses, or otherwise"); *id.* § 515.802 (delegating the Secretary's authority under § 515.201 to the Director of OFAC).

The Court has directed our attention to two general licenses. Under the heading of "Certain transactions with respect to United States intellectual property," 31 C.F.R. § 515.527 states that:

> Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Cuba or a Cuban national has an interest are authorized.

31 C.F.R. § 515.527(a)(1).[2] The second general license addresses "Certain transfers by operation of law," and authorizes transfers (1) "arising solely as a consequence of the existence or change of marital status;" (2) by intestate succession; and (3) to an administrator, executor, or fiduciary in connection with a will or intestate succession. 31 C.F.R. § 515.525.

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[2] Additional provisions of section 515.527 authorize the payment of fees for the transactions authorized in the quoted provision. A final provision, which was crucial to this Court's decision in *Havana Club*, but is not relevant here, relates to "confiscated" (or expropriated) trademarks. *See* 31 C.F.R.. § 515.527(a)(2). Because the COHIBA mark was created and first used after the Cuban Revolution, confiscation is not at issue here.

The Court has also directed our attention to OFAC special license number C-18942 (reproduced at SSA-83 to -85),[3] which authorizes Cubatabaco and related entities to retain and compensate counsel to "initiate legal proceedings in U.S. courts and to otherwise pursue their judicial remedies with respect to claims to the COMA trademark." SSA-84.

DISCUSSION

Although the Cuban Assets Control Regulations do not prohibit the district court's order cancelling General Cigar's COHIBA registration and enjoining General Cigar from using the COHIBA mark, the district court's conclusion that Cubatabaco acquired the United States COHIBA trademark through the famous marks doctrine in 1992 would constitute a prohibited transfer under the Regulations not otherwise authorized under special license (C-18942). As discussed below, those Regulations do not preclude most of the relief ordered by the district court, including its orders cancelling General Cigar's COHIBA registration and enjoining General Cigar from using the COHIBA mark because those orders do not depend upon the finding regarding the acquisition of the mark by Cubatabaco.

1. As an initial matter, with two exceptions discussed below, the district court's order in this case does not comprise any transfer of property prohibited by the Regulations. In addition to simply dismissing or denying certain claims and making non-substantive rulings, the district court: (1) entered judgment in Cubatabaco's favor on its claim of trademark infringement; (2) entered

[3] "SSA" refers to General Cigar's Supplemental Addendum filed in this appeal.

judgment that General Cigar had abandoned its right to the COHIBA mark held prior to November 1992;[4] (3) cancelled General Cigar's COHIBA trademark and directed that the Director of the USPTO take appropriate action upon this cancellation; (4) enjoined General Cigar from using the COHIBAmark; (5) directed General Cigar to turn over to Cubatabaco goods and labels bearing the COHIBA mark; and (6) directed General Cigar to recall goods and labels bearing the COHIBA mark from its customers and distributors. *See* SPA-94 to -97.

Despite the broad prohibitions included in 31 C.F.R. § 515.201(b)(1), a judicial order adjudicating liability and setting damages is not prohibited under the Regulations, *see Dean Witter Reynolds, Inc. v. Fernandez,* 741 F.2d 355, 362 (11th Cir. 1984), but a judicial order that actually transfers property or property interests is prohibited, *see National Oil Corp. v. Libyan Sun Oil Co.,* 733 F.Supp. 800, 809-813 (D. Del. 1990) (applying similar provisions of the embargo against Libya), as is the execution of any judgment when that execution transfers property. The Supreme Court has similarly indicated that the OFAC Regulations allow the entry of a judgment in a case involving property in which a Cuban entity has an interest but prohibit the execution of such a judgment. *See First National Citv Bank v. Banco Para 1 Comercio Exterior de Cuba,* 462 U. S. 611, 632 n.24 (1983) (dictum); *see also Alfred Dunhill of London, Inc. v. Republic of Cuba,* 425 U.S. 682, 735-37 & nn. 25 & 27 (1976) (Marshall, J., dissenting); *Banco Nacional de Cuba v. Sabbatino,* 376 U.S. 398 (1964) (leaving intact Cuban claim of conversion without mentioning regulations).

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[4] These first two orders for the entry of judgment appear to be in the nature of declaratory judgments.

This understanding is consistent with the purpose of the Regulations, namely to "prevent any Cuban national or entity from attracting hard currency into Cuba by selling, assigning, or otherwise transferring rights subject to United States jurisdiction," *Havana Club*, 203 F.3d at 124. That purpose is achieved by allowing judicial orders that adjudicate disputes and clarify the parties' rights, but prohibiting the execution of judicial orders involving the transfer of property interests as well as the entry of self-executing orders that, by themselves, operate as a transfer of property rights.

In this case, the majority of the district court's substantive orders are not subject to the Regulations. First, the order cancelling General Cigar's COHIBA registration affects only the property of General Cigar; it gives no property right to Cubatabaco, and therefore does not relate to property in which a Cuban national has an interest. At any rate, OFAC has made clear that 31 C.F.R. § 515.527 authorizes a Cuban entity to seek the cancellation of a competing mark. A similar analysis applies to the judgment that General Cigar had abandoned its 1983 COHIBA registration and the injunctions that prohibit General Cigar from using its COHIBA mark and that require it to recall goods and labels bearing that mark. Because these remedies relate solely to General Cigar and its property in which Cubatabaco lacks an interest, they are not prohibited by the Regulations.

However, the Regulations do prohibit two parts of the district court's order and are not permitted pursuant to the special license. First, the order requiring General Cigar to turn over goods and labels bearing the COHIBA mark to Cubatabaco is a self-executing order requiring a transfer of property to a Cuban entity. This transfer is prohibited under the Regulations and this order should

therefore be vacated. Second, as discussed in greater detail below, the district court's judgment regarding trademark infringement appears to rest on its holding that Cubatabaco acquired the United States trademark rights to the COHIBA mark through operation of the famous marks doctrine in 1992. And that holding, in turn, constitutes a transfer prohibited under the Regulations. Thus, although a declaratory judgment finding infringement of a Cuban-held trademark is not, in itself, a transfer of property that is prohibited under the Regulations, those Regulations prohibit the declaratory judgment of infringement because the finding is premised on a prohibited transfer.

2. Cubatabaco's acquisition of the United States rights to the COHIBA mark through the famous marks doctrine, as found by the district court, was a transfer by operation of law that is prohibited by the Regulations. We separately address below the question of whether it was nonetheless authorized by either a general or special license.

As we understand the Court's question, the United States has been asked to assume that the district court's interpretation and application of the famous marks doctrine are correct, and to comment on whether that interpretation and application create a result that is at odds with the Cuban Assets Control Regulations. Accordingly, we are not discussing, analyzing, or endorsing the district court's interpretation and application of the famous marks doctrine. With that understanding in mind, we turn to the impact of the Regulations on the district court's holding that "Cubatabaco had a legally protectable right to the [COHIBA] mark" in November 1992. SPA-77; *Accord* SPA-85 (stating that Cubatabaco

"posses' a protectable mark in November 1992 under the fam marks doctrine").

As noted above, the Regulations prohibit "transactions" including "transfers" involving property in which a Cuban entity has an interest, 31 C.F.R. § 515.201(b)(1); "transfer" is defined very broadly to include "any . . . act . . . the purpose, intent, or effect of which is to create . . . any right, remedy, power, privilege, or interest with respect to any property," *id.* § 515.310; and "property" includes trademarks, *id.* § 515.311. Under the plain language of these regulations, the acquisition of the trademark by Cubatabaco in 1992 through the famous marks doctrine, as found by the district court, created or vested a property right in Cubatabaco, and was therefore prohibited absent a general or special license.

Cubatabaco argues that the Regulations prohibit "<u>transactions</u> . . . <u>not</u> their legal effect." Cubatabaco Br. 58. Viewing the acquisition of the COHIBA mark through the famous marks doctrine as a legal effect and not a transaction itself, Cubatabaco asserts that such an acquisition was not prohibited. Cubatabaco also observes that authorized transactions (including advertising, distribution of informational materials and research data, and foreign sales to foreigners) "can" establish the fame of a mark in the United States, apparently intending to imply that the fame of its COHIBA mark in the United States was, in fact, the result of such authorized acts. Cubatabaco Br. 58-59.

This reasoning is flawed. Regardless of whether the acquisition of the COHIBA mark through the famous marks doctrine is characterized as an "effect" of other actions or not, it nevertheless falls within the Regulations' definition of a "transaction" involving property in

which a Cuban national has an interest. It involves, like other transactions, the acquisition by a Cuban national of a thing of value within the jurisdiction of the United States. Thus the question of whether the acquisition was the "effect" of some other act is irrelevant; the acquisition is a prohibited transaction that violates the Regulations "except as specifically authorized by the Secretary of the Treasury." 31 C.F.R. § 515.201(a) & (b).

Moreover, Cubatabaco's argument—that all legal effects of authorized transactions are themselves automatically authorized—is clearly contrary to the spirit and letter of the Regulations. The natural consequence of Cubatabaco's argument is that the legal effect of any act not prohibited by the Regulations must itself be permitted. If this were true, the Regulations would not apply to myriad legal consequences of everyday actions, such as property transfers occurring by operation of law when a person dies without a will or when a married couple divorces. But the Regulations include a general license for "Certain transfers by operation of law" that specifically authorizes transfers that occur by intestate succession or as a result of changes in marital status. *See* 31 C.F.R. § 515.525. Obviously, the Regulations prohibit neither death nor divorce. Equally obviously, property transfers resulting from such occurrences were prohibited under § 515.201 and that therefore the general license at § 515.525 was necessary in order to allow such transfer. Contrary to Cubatabaco's argument here, this evidences that § 515.201 prohibits all transactions, regardless of whether or not they are the legal "effects" of other, allowable, acts. Adopting Cubatabaco's argument would require this Court to assume that the Executive Branch simply promulgated a gratuitous provision when it promulgated § 515.525, which would not be an appropriate way to interpret the Regulations. *See, e.g.*,

Estate of Gloeckner v. CR, 152 F.3d 208, 214 (2d Cir. 1998) (regulations are construed, where possible, so as to avoid rendering superfluous any parts thereof) (quoting *Silverman v. Eastrich Multiple Investor Fund, L.P.*, 51 F.3d 28, 31 (3d Cir. 1995)).[5]

Accordingly, the acquisition of a trademark by a Cuban entity through the famous marks doctrine is a prohibited "transaction" under § 515.201.

3. As the Court is aware, § 515.527 is a general license authorizing "Certain transactions with respect to United States intellectual property." The applicable version of this rule authorized:

> (1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;
>
> (2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;
>
> (3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;
>
> (4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at

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[5] We further note that, even if Cubatabaco's legal argument were correct, its factual predicate—that its COHIBA mark became famous in the United States solely as a result of actions authorized under the Regulations—is far from clear. The district court made no findings on this question, and the United States is not in a position to opine on the source of the fame of the Cuban COHIBA mark.

> any time on or since the "effective date" had any interest.

31 C.F.R. § 515.527(a) (1992).[6]

Simply put, acquiring a trademark in the United States by operation of the famous marks doctrine is not on this detailed and carefully circumscribed list of authorized transactions. The 1992 regulation clearly allows only "[t]he receipt of . . . trademark registration certificates . . . granted pursuant to any such applications [in the USPTO]." The acquisition of trademark rights found by the district court does not meet these requirements. It did not result from (or even follow) any application for registration. To the contrary, Cubatabaco first filed to register the COHIBA mark in the United States some five years later. Indeed, United States law does not even recognize the famous marks doctrine as a basis for registering a trademark, 15 U.S.C. §§ 1051, 1126(e), 1141f, and Cubatabaco did not assert the famous marks doctrine as a basis on which registration should be issued. *See* Cubatabaco's USPTO Application, Serial No. 75/226,002 (asserting its foreign registration as the basis for obtaining a United States registration).[7]

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[6] This is the version of the rule in effect in November 1992, when, according to the district court, Cubatabaco acquired the rights to the COHIBA mark.

[7] The current version of § 515.527(a)(1) is irrelevant to this inquiry because it was adopted in 1995, *see* 60 Fed. Reg. 54,194, 54,196 (Oct. 20, 1995)—after the acquisition of the COHIBA mark found by the district court. Because General Cigar has addressed the current regulatory language, however, *see* General Cigar Br. 62, we make the following additional observations. First, the revisions to § 515.527 were intended only to allow certain payments related to the protection of intellectual property, not to alter the basic rules under which that property can be acquired. See 60 Fed. Reg. at 54,195 ("Sections 515.527 and 515.528 are amended to authorize transac-

Contrary to Cubatabaco's arguments, *see* Cubatabaco Br. 36-39, this understanding of the Regulations is not at odds with any obligation imposed by Article *6bis* of the Paris Convention (to which both the United States and Cuba are signatories), which provides that:

> The countries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

(Convention revising the Paris Convention of March 20, 1883, for the Protection of Industrial Property; done at Stockholm July 14, 1967. TIAS 6923, 7727). This provision does not require that the holder of a "famous" mark automatically acquire the trademark rights in the host country. Instead, the host country is simply required to "cancel the registration, and to prohibit the use" of the offending conflicting trademark. As discussed more fully below, this relief, which was ordered by the district court, is compatible with the Regulations. Although

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tions including payments to the United States by Cuban nationals and payments to Cuba by U.S. companies and individuals related to the protection of intellectual property."). Second, this Court has already noted that the "related to" language of the current regulation must be interpreted narrowly to fulfill the purposes of the embargo. *See Havana Club*, 203 F.3d at 123. Third, even under the most broad reading, the acquisition of trademark rights found by the district court does not relate to a trademark registration; as noted in the text, the acquisition through the famous marks doctrine preceded the registration application by five years, bears no relationship to registration, and, indeed, cannot form the basis of a registration application and does not form the basis for Cubatabaco's registration application.

those Regulations prohibited the acquisition of the trademark in 1992, the cancellation of General Cigar's registration and the injunction prohibiting its use of the mark do not themselves either comprise or necessarily rest on any acquisition of property.

4. The special license that the Office of Foreign Assets Control (OFAC) granted Cubatabaco to "pursue . . . judicial remedies with respect to claims to the COHIBA trademark" does not retroactively authorize the acquisition found by the district court. The most obvious reading of this license is that it allows Cubatabaco to seek remedies but does not alter the substantive law for a court to apply in determining what, if any, remedies are appropriate. Accordingly, there is no basis to infer from this license a retroactive authorization for Cubatabaco to acquire trademark rights in 1992.

Cubatabaco argues that because OFAC knew that it would assert the famous marks doctrine in its lawsuit, OFAC must necessarily have authorized the acquisition of rights under that doctrine by authorizing the lawsuit. This argument misapprehends the nature of a special license for litigation. One crucial reason for obtaining such a license is that, without it, the Cuban national cannot pay its lawyers or court fees; such payments would otherwise constitute prohibited transactions. When issuing a special license to pursue litigation, OFAC does not endorse the legal or factual validity of any of the proposed claims. The special license authorizes Cubatabaco to do exactly what is says—*compensate counsel to pursue* claims; it does not authorize Cubatabaco to prevail, if, as here, prevailing would involve recognizing an otherwise prohibited transfer. Again, it is noteworthy that transactions are prohibited under 31 C.F.R. § 515.201(a) & (b) "except as *specifically* authorized by the Secretary

of the Treasury," (emphasis added), and that the special license is clearly not such a "specific" authorization to acquire trademark rights in 1992 through the famous marks doctrine.

5. As we noted in Section I, above, the cancellation of the trademark registrations and the enjoining of General Cigar from using the mark are not prohibited by the Regulations, but the conclusion that Cubatabaco acquired the U. S. rights to the COHIBA trademark in 1992 is prohibited. Thus the remaining question is whether any of the district court's otherwise permissible orders are rendered invalid because they are dependent upon the invalid finding regarding the acquisition of the United States COHIBA trademark. For the reasons that follow, with the exception of the declaratory judgment that General Cigar infringed Cubatabaco's trademark, it does not appear that the acquisition of a U.S. trademark by Cubatabaco is a necessary predicate for the remedies entered by the district court. Most saliently, the district court's orders cancelling General Cigar's trademark registration and enjoining General Cigar from using the mark, are not inconsistent with the Regulations.

The district court's cancellation order and injunction against use are based on section 43(a)(1)(A) of the Lanham Act:

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or

> association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .
>
> . . .
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

Most commonly, an action under § 43(a)(1)(A) involves a claim "for infringement of rights in a mark acquired by use." *Virgin Enterps., Ltd. v. Nawab,* 335 F.3d 141, 146 (2d Cir. 2003). In such a case, the operative question is whether "the plaintiff's mark is entitled to protection, and . . . whether defendant's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods. *See Genesee Brewing Co., Inc. v. Stroh Brewing Co.,* 124 F.3d 137, 142 (2d Cir. 1997) (plaintiff prevails by demonstrating that "it has a valid [trade]mark entitled to protection and that the defendant's use of it is likely to cause confusion") (quoting *Arrow Fastener Co. v. Stanley Works,* 59 F.3d 384, 390 (2d Cir. 1995) (citation and internal quotation marks omitted). However, the plain language of section 43(a) contains no requirement that a plaintiff have acquired the United States trademark rights in a particular mark before bringing an action seeking cancellation of a defendant's registration of that mark and an injunction prohibiting the defendant's use of that mark. Thus, in the Supreme Court's words, section 43(a) "goes beyond trademark protection" and prohibits actions "that deceive consumers and impair a producer's goodwill" through " 'the deceptive and mis-

leading use of marks.' " *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28, 29, 32 (2003) (quoting 15 U.S.C. § 1127). This means that, under appropriate limited circumstances, an action under § 43 (a) "is not limited to the protection of trademark holders [and t]he existence of a trademark is not a necessary prerequisite to a § 43(a) action." *Zvla v. Wadsworth Div. of Thomson Corp.*, 360 F.3d 243,251 (1st Cir. 2004); see *Thompson Med. Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 212 (2d Cir. 1985) ("Section 43(a) of the Act . . . protects against false designation of origin and false description or representation, whether or not a registered trademark is involved."); *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405, 409 (6th Cir. 1963) (while "the primary purpose of the [Lanham] Act was to eliminate deceitful practices in interstate commerce involving the misuse of trademarks . . . along with this it sought to eliminate other forms of misrepresentations which are of the same general character even though they do not involve any use of what can technically be called a trade-mark").

There are a number of factors here which place this case in that limited category of section 43(a) actions in which the plaintiff need not prove that it holds the valid United States trademark in order to obtain the remedies of cancellation of the defendant's registration and injunction against the defendant's use of the mark. Cubatabaco's foreign registrations give it the right to register its COHIBA mark here, absent General Cigar's registration, 15 U.S.C. § 1126(e); 31 C.F.R. § 515.527, so there is no question regarding Cubatabaco's standing to seek cancellation of General Cigar's registration and injunction against its use of the COHIBA mark. *See* 15 U.S.C. §1125(a) (allowing a "civil action by any person who believes that he or she is or is likely to be dam-

aged"); *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999) (for standing, the statute only requires that a person seeking cancellation have a belief that he would suffer some kind of damage, which requires only a "real interest" and a "reasonable" basis for his belief of damage). The district court found that Cubatabaco's COHIBA mark had acquired fame prior to General Cigar's first use, and therefore it is entitled to protection. Thus, while in the normal case the requirement of a valid trademark ensures that the section 43(a) plaintiff has standing and will be harmed by any confusion, under the unique facts here, those elements of a section 43(a) action are met by the fact that Cubatabaco has foreign registrations for its COHIBA mark and that its COHIBA mark was "famous" and had secondary meaning in the United States before General Cigar's first use.

In the circumstances of this case, this conclusion also harmonizes the Act with Article *6bis* of the Paris Convention, to which both the United States and Cuba are parties, and which the Lanham Act implements in the United States. As noted above, Article *6bis* provides that:

> The countries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

Convention revising the Paris Convention of March 20, 1883, as revised, For the Protection of Industrial Property; done at Stockholm July 14, 1967. TIAS 6923, 7727. Article *6bis* does not, on its face, require that the

foreign holder of the famous mark acquire a trademark in the host country before the host country will grant cancellation and prohibit the use of the specified conflicting mark. Given that the text of the Lanham Act contains no express or categorical requirement of prior acquisition of the trademark, and that one of the purposes of the Act is "[t]o carry out by statute our international commitments to the end that American traders in foreign countries may secure the protection to their marks to which they are entitled," S. Rep. No. 79-1333 (1946), reprinted in 1946 U.S. Code & Cong. Serv. 1274,1276; *see Havana Club.*, 203 F.3d at 128, such a requirement should not be inferred in the unique circumstances presented by this case.

The district court's factual findings here, if affirmed by this Court, would support the conclusion that Cubatabaco is entitled to prevail in its §43(a) action without having previously acquired the United States COHIBA trademark. By November 1992, according to the district court, the Cuban COHIBA mark "achieved a level of fame consistent with secondary meaning" in the United States, SPA-77, and thus had a "known reputation" in the relevant United States market (premium cigar smokers), SPA-73. In the usual case, the user of a designation that had acquired such a fame would have also acquired the trademark. Here, as noted above, the Regulations prohibited such an acquisition. But the Regulations would not prevent the COHIBA designation from having trademark significance, and to the extent that significance rendered General Cigar's use of the COHIBA mark "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of [General Cigar] with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by [Cubatabaco]," 15 U.S.C.

§ 1125(a)(1)(A), Cubatabaco's resulting § 43(a) cause of action is unaffected by the Regulations.

Under these circumstances, Cubatabaco is entitled to relief under § 43(a) upon a showing "(1) that the mark is distinctive as to the source of the good, and (2) that there is a likelihood of confusion between its good and the defendant's." *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 115 (2d Cir. 2001). The district court has made these findings. Specifically, the district court found that in November 1992, the Cuban COHIBA mark had "achieved a level of fame consistent with secondary meaning [and was] therefore famous within the meaning of the famous marks doctrine" in the United States, SPA-77, while any goodwill from General Cigar's use of the mark in the 1980s had "long been entirely dissipated," SPA-52. In other words, the district court found that in November 1992, United States consumers associated the COHIBA mark with Cuba or a Cuban manufacturer, not with General Cigar. Indeed, the district court explicitly found that "there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA," SPA-83, based in part on "survey evidence as well as anecdotal evidence of actual confusion between the Cuban COHIBA and the General Cigar COHIBA, SPA-80. *See* SPA-77 to -83 (addressing at length all eight of the *Polaroid Corp.* factors for determining likelihood of confusion). Because the district court's orders (with the exceptions noted in Section 1, above), including its orders cancelling General Cigar's COHIBA registration and enjoining its use of the mark, are based on a finding of liability under § 43(a) of the Lanham Act that is not dependent upon Cubatabaco's prior acquisition of the

COHIBA trademark, those orders are not prohibited under the Cuban Assets Control Regulations.[8]

CONCLUSION

For the foregoing reasons, the Cuban Assets Control Regulations prohibit Cubatabaco from acquiring the rights to the COHIBA trademark in the United States in 1992 by operation of the famous marks doctrine. Nevertheless, the Regulations do not prohibit the cancellation of General Cigar's mark and the district court's order enjoining General Cigar from using the COHIBA mark.

Respectfully Submitted,

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[8] Cubatabaco has a pending application to register the COHIBA trademark with the USPTO. Without commenting on the merits of that application, we note that 31 C.F.R. § 515.527 plainly authorizes Cuban entities including Cubatabaco to obtain trademark rights by means of a valid registration with the USPTO. In that application in urging cancellation of General Cigar's registration, Cubatabaco relies on section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), which forbids the registration of "deceptive" matter or matter that may "falsely suggest a connection with persons, . . . institutions, . . . or national symbols." See *University of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 1377 (Fed. Cir. 1983); *Buffet v. Chi-Chi's, Inc.*, 226 U.S.P.Q. 428,429 (TTAB 1985).

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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97 Civ. 8399 (RWS)

EMPRESA CUBANA DEL TABACO,
d.b.a. CUBATABACO,

Plaintiff,

—v.—

CULBRO CORPORATION and
GENERAL CIGAR CO., INC.,

Defendants.

ORDER, JUDGMENT AND PERMANENT INJUNCTION

Sweet, D.J.,

This action having been commenced on November 12, 1997, by the filing by plaintiff Empresa Cubana Del Tabaco, d.b.a Cubatabaco ("Cubatabaco") of a complaint seeking injunctive and other relief against defendants Culbro Corporation (merged into and survived by General Cigar Holdings, Inc.) and General Cigar Co., Inc. (together "General Cigar") with respect to, *inter alia,* Cubatabaco's COHIBA trademark;

WHEREAS General Cigar filed an answer and counterclaim seeking a judgment declaring its right to the continued use and registration in the United States of the mark COHIBA for cigars free of any claim of or interference by plaintiff and for other relief, dated December 5, 1997;

WHEREAS plaintiff filed a reply to said counterclaim, dated March 29, 2000, and General Cigar filed an amended eighth affirmative defense dated March 26, 2003, pursuant to an order dated March 12, 2003;

WHEREAS the Court entered an order dated March 6, 1998, dismissing plaintiff's claims against Alfred Dunhill (North America) Ltd., as such claims had been resolved;

WHEREAS the Court dismissed with prejudice certain of plaintiff's claims by stipulation of the parties and by order dated December 5, 2000;

WHEREAS a trial on the issue of monetary relief claimed by plaintiff against defendants was bifurcated from a trial on liability on the claims raised in Cubatabaco's complaint and General Cigar's counterclaim by stipulation of the parties and order dated March 31, 2000, and the joint pretrial order;

WHEREAS the Court granted Cubatabaco's motion to strike General Cigar's jury demand by opinion and order dated December 15, 2000;

WHEREAS the Court entered an opinion and order dated June 26, 2002, granting in part and denying in part the parties' cross-motions for summary judgment;

WHEREAS a trial on the remaining issues, save for those bifurcated by the March 31, 2000 stipulation and order and the joint pretrial order, was held before this

Court on various dates between May 27, 2003 and June 23, 2003;

WHEREAS post-trial submissions were filed, with post-trial oral argument hear on October 9, 2003;

WHEREAS the Court issued an opinion and order dated March 26, 2004, disposing of the claims, counterclaims and defenses not previously adjudicated, and holding that because the Court has made a finding that General Cigar is liable on plaintiff's claim of trademark infringement, a trial on the issue of monetary relief is warranted;

WHEREAS the parties have separately moved the Court to enter judgment on issues decided to date pursuant to Federal Rule of Civil Procedure 54(b);

WHEREAS General Cigar will have an appeal as of right from this Court's entry of a permanent injunction, pursuant to 28 U.S.C. § 1292(a)(1) and such appeal will require the Second Circuit to review all of this Court's decisions on liability issues that necessarily underlay the grant of injunctive relief, including Cubatabaco's trademark infringement claim and General Cigar's affirmative defenses;

WHEREAS other claims by Cubatabaco have been dismissed with prejudice by the Court;

WHEREAS it is in the interest of judicial efficiency for all claims and defenses underlying the Court's grant of an injunction to be decided in one appeal;

AND UPON ALL THE PRIOR PROCEEDINGS HAD HEREIN;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Plaintiff have judgment against all defendants on its claim for trademark infringement of plaintiff's COHIBA work mark pursuant to 15 U.S.C. § 1125(a).

2. Plaintiff have judgment against all defendants on its claim that prior to November 1992, General Cigar had abandoned any rights to the COHIBA word mark that it may have held prior to that date.

3. General Cigar's trademark registrations in the United States Patent and Trademark Office for the COHIBA word mark, Registration No. 1,898,273, and Registration No. 1,147,309, are hereby canceled in whole. Pursuant to 15 U.S.C. §§ 1064, 1119, this Court herewith certified the instant order, judgment and permanent injunction to the Director of the Patent and Trademark Office, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled hereby.

4. Culbro Corporation, General Cigar Holdings, Inc., and General Cigar Co., Inc., their affiliates, officers, agents, servants, employees, and attorneys, as well as those in active concert or participation with Culbro Corporation, General Cigar Holdings, Inc., and General Cigar Co., Inc. who receive actual notice of this judgment by personal service or otherwise, are hereby permanently enjoined from using the COHIBA word mark on or in connection with any product or service or in the manufacture, exportation, sale, offering for sale, distribution, advertising, promotion, labeling, or packaging of any produce or service.

5. Culbro Corporation, General Cigar Holdings, Inc., and General Cigar Co., Inc., their affiliates, officers, agents, servants, employees, and attorneys, as well as those in active concert or participation with General

Cigar who receive actual notice of this judgment by personal service or otherwise, shall deliver up to Cubatabaco, or its designated attorneys in the United States, for destruction or other disposition, within thirty (30) days of entry of this judgment, any and all existing merchandise, packaging, package inserts, labels, signs, prints, wrappers, receptacles, advertising, plates, molds, matrices and other means of reproduction or of making same, or other materials, now or hereafter in their possession, custody or control, which bear the COHIBA word mark and any reproduction, counterfeit, copy or colorable imitation thereof. This order shall not apply to any samples of merchandise or material bearing the COHIBA word mark in the possession, custody, or control of defendants' attorneys for their prosecution of this action.

6. Nothing in this order shall apply to any of defendants' material or merchandise that does not include the COHIBA word mark, including material or merchandise from which the COHIBA label has been removed, subject to the condition that defendants are prohibited from identifying, advertising, promoting, selling, or otherwise indicating to any of its distributors, retailers or the general public that any such material or merchandise is in any way related to material or merchandise previously sold by defendants under the COHIBA word mark, and that defendants are further ordered that they shall expressly advise their distributors and retailers that they should not identify any of defendants' products as in any way related to material or merchandise previously sold by defendants under the COHIBA word mark.

7. Defendants shall recall from their retail customers and distributors all products which defendants have distributed or sold which bear the COHIBA word mark, and

shall inform their retail customers and distributors that they cannot sell defendant's COHIBA labeled products in the United States; nothing herein shall require a retailer or distributor to recall or to modify any catalogue that has been printed as of the date of entry of this order.

8. A trial on the issue of monetary relief to plaintiff shall be held at a time to be set by the Court following any appeal of this judgment, if necessary.

9. Any application by plaintiff for an award of reasonable attorneys' fees pursuant to 15 U.S.C. § 1117 and Fed.R.Civ.P. 54(d) shall be made at a time to be set by the Court following any appeal of this judgment.

10. Except for plaintiff's claims as to which relief has been granted herein, plaintiff's claims for relief are dismissed with prejudice.

11. Defendants' equitable and other affirmative defenses are dismissed with prejudice.

12. There is no reason to delay the appeal of plaintiff's claims for relief and defendants' equitable and other affirmative defenses that have been dismissed with prejudice. The latter relate to the underlying merits of the injunction and would have to be addressed in any appeal of the injunction, and the former could be raised by plaintiff as an alternative basis for affirming the injunction. None of the issues to be raised on appeal, which all related to the validity and enforceability of a trademark, are the same or closely related to the remaining claims concerning monetary relief. A trial on monetary relief would not occur for at least several months and may require additional discovery (including expert discovery). In the interest of judicial efficiency and to avoid duplicative and piecemeal litigation about liabil-

ity, and to avoid any ambiguity about the same, final judgment pursuant to Federal Rule of Civil Procedure 54(b) shall be entered on all of the claims and defenses that have been dismissed to date.

13. Any application by plaintiff for costs pursuant to 28 U.S.C. § 1920, Fed.R.Civ.P. 54(d)(1), and 15 U.S.C. § 1117(a) shall be made at a time to be set by the Court following any appeal of this judgment.

14. Paragraphs 3-7 herein are stayed for fifteen (15) days from entry of this order, judgment and permanent injunction. While the stay is in effect, defendants shall maintain all records, including electronic records, relating to their sales of merchandise bearing the COHIBA word mark, including any of the costs and profits associated with manufacturing and selling such merchandise, and such information shall be broken out to show costs and profits for COHIBA merchandise.

It is so ordered.

ROBERT W. SWEET

ROBERT W. SWEET
U.S.D.J.

New York, New York
April 29, 2004

TRADING WITH THE ENEMY ACT

Prior to its amendment in 1977, Section 5(b) of the Trading With the Enemy Act, 50 U.S.C. App. § 5(b), provided:

> (b)(1) During the time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, and under such rules and regulations as he may prescribe, by means of instructions, licenses, or otherwise—
>
> > (A) investigate, regulate, or prohibit, any transactions in foreign exchange, transfers of credit or payments between, by, through, or to any banking institution, and the importing, exporting, hoarding, melting, or earmarking of gold or silver coin or bullion, currency or securities, and
> >
> > (B) investigate, regulate, direct and compel, nullify, void, prevent or prohibit, any acquisition holding, withholding, use, transfer, withdrawal, transportation, importation or exportation of, or dealing in, or exercising any right, power or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any interest.
>
> by any person, or with respect to any property, subject to the jurisdiction of the United States; and any property or interest of any foreign country or national thereof shall vest, when, as, and upon the terms, directed by the President, in such agency or person as may be designated from time to time by the President, and upon such terms and conditions as the President may prescribe such interest or prop-

erty shall be held, used, administered, liquidated, sold, or otherwise dealt with in the interest of and for the benefit of the United States, and such designated agency or person may perform any and all acts incident to the accomplishment or furtherance of these purposes; and the President shall, in the manner hereinabove provided, require any person to keep a full record of, and to furnish under oath, in the form of reports or otherwise, complete information relative to any act or transaction referred to in this subdivision either before, during, or after the completion thereof, or relative to any interest in foreign property, or relative to any property in which any foreign country or any national thereof has or has had any interest, or as may be otherwise necessary to enforce the provisions of this subdivision, and in any case in which a report could be required, the President may, in the manner hereinabove provided, require the production, or if necessary to the national security or defense, the seizure, of any books of account, records, contracts, letters, memoranda, or other papers, in the custody or control of such person; and the President may, in the manner hereinabove provided, take other and further measures not inconsistent herewith for the enforcement of this subdivision.

* * *

(3) As used in this subdivision the term "United States" means the United States and any place subject to the jurisdiction thereof: Provided, however, That the foregoing shall not be construed as a limitation upon the power of the President, which is hereby conferred to prescribe from time to time, definitions, not inconsistent with the purposes of

this subdivision, for any or all of the terms used in this subdivision. As used in this subdivision the term "person" means an individual, partnership, association, or corporation.

Section 101 of Pub. L. No. 95-223, 91 Stat. 1625 (1977), provides:

(a) Section 5(b)(1) of the Trading With the Enemy Act // 50 USC app. 5. // is amended by striking out "or during any other period of national emergency declared by the President" in the text preceding subparagraph (A).

(b) Notwithstanding the amendment made by subsection (a) the authorities conferred upon the President by section 5(b) of the Trading With the Enemy Act, which were being exercised with respect to a country on July 1, 1977, as a result of a national emergency declared by the President before such date, may continue to be exercised with respect to such country, except that, unless extended, the exercise of such authorities shall terminate (subject to the savings provisions of the second sentence of section 101(a) of the National Emergencies Act) at the end of the two-year period beginning on the date of enactment of the National Emergencies Act [Sept. 14, 1976]. The President may extend the exercise of such authorities for one-year periods upon a determination for each such extension that the exercise of such authorities with respect to such country for another year is in the national interest of the United States.

* * *

CUBAN ASSETS CONTROL REGULATIONS, [31 C.F.R. Part 515]

Subpart B—Prohibitions

§ 515.201 Transactions involving designated foreign countries or their nationals; effective date.

* * *

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.

* * *

§ 515.203 Effect of transfers violating the provisions of this part.

(a) Any transfer after the "effective date" which is in violation of any provision of this part or of any regula-

tion, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which a designated national has or has had an interest since such "effective date" is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

* * *

Subpart C—General Definitions

* * *

§ 515.309 Transactions.

The phrase *transactions which involve property in which a designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect, includes*, but not by way of limitation:

(a) Any payment or transfer to such designated foreign country or national thereof,

(b) Any export or withdrawal from the United States to such designated foreign country, and

(c) Any transfer of credit, or payment of an obligation, expressed in terms of the currency of such designated foreign country.

§ 515.310 Transfer.

The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or preformed within the United States, the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and without limitation upon

the foregoing shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

§ 515.311 Property; property interests.

(a) Except as defined in § 515.203(f) for the purposes of that section the terms *property* and *property interest* or *property interests* shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, and other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or

copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, services, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

(b) As used in § 515.208, the term *property* means any property (including patents, copyrights, trademarks, and any other form of intellectual property), whether real, personal, or mixed, and any present, future, or contingent right, security, or other interest therein, including any leasehold interest.

§ 515.312 Interest.

The term *interest* when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

* * *

Subpart D—Interpretations

* * *

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

* * *

§ 515.527 Certain transactions with respect to United States intellectual property.

(a)(1) Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Cuba or a Cuban national has an interest are authorized.

(2) No transaction or payment is authorized or approved pursuant to paragraph (a)(1) of this section with respect

to a mark, trade name, or commercial name that is the same as or substantially similar to a mark, trade name, or commercial name that was used in connection with a business or assets that were confiscated, as that term is defined in § 515.336, unless the original owner of the mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.

(b) This section authorizes the payment from blocked accounts or otherwise of fees currently due to the United States Government in connection with any transaction authorized in paragraph (a) of this section.

(c) This section further authorizes the payment from blocked accounts or otherwise of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States in connection with the transactions authorized in paragraph (a) of this section.

§ 515.528 Certain transactions with respect to blocked foreign intellectual property.

(a) The following transactions by any person who is not a designated national are hereby authorized:

(1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any blocked foreign patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of any foreign country, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a)(1), (2), and (3) of this section or for the maintenance of any blocked foreign patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in any foreign country incurred in connection with any of the transactions authorized by paragraphs (a)(1), (2), (3), or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a)(4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term *blocked foreign patent, trademark, or copyright* shall mean any patent, petty patent, design patent, trademark or copyright issued by any foreign country in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country.

[LETTERHEAD OF DEPARTMENT OF THE TREASURY]

AUG 19 1996

FAC Nos. C-152409, C-152468

Dear Mr. Krinsky:

This is in response to your letters of July 3 and July 22, 1996, addressed to Serena Moe, Deputy Chief Counsel of the Office of Foreign Assets Control. In your letters you ask two questions concerning the authorization contained in § 515.527 of the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (the "Regulations"). First, you ask whether this section authorizes Cuba to file an opposition to the registration of a new trademark on the grounds that the new trademark interferes with Cuba's right in its registered trademark based on likely consumer confusion. Second, you ask whether Cuba may bring a petition to cancel the prior registration of a trademark related to its efforts to register a trademark.

The authorization contained in § 515.527 and the parallel provisions of § 515.528 are intended to provide reciprocal protection for the intellectual property of Cuba and the United States. Both of the processes you describe in your correspondence concern available legal means to protect trademarks in the United States. For this reason, the authorization contained in § 515.527 may be relied on to file an opposition to the registration of a new trademark or to petition to cancel a prior registration of a trademark in which Cuba or a Cuban national general license has an interest.

If you have any further questions concerning this matter, please call me (202/622-2510) or Ms. Moe (202/622-2410).

Sincerely,

[Signature]
R. Richard Newcomb
Director
Office of Foreign Assets Control

Michael Krinsky, Esq.
Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C.
740 Broadway at Astor Place
New York, New York 10003-9518

PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY
[21 U.S.T. 1583 (1970), ratified as to Articles 1-12, 24 U.S.T. 2140 (1973)]

Article 2
[National Treatment for Nationals of Countries of the Union]

(1) Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

(2) However, no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of countries of the Union for the enjoyment of any industrial property rights.

(3) The provisions of the laws of each of the countries of the Union relating to judicial and administrative procedure and to jurisdiction, and to the designation of an address for service or the appointment of an agent, which may be required by the laws on industrial property are expressly reserved.

* * *

Article 6bis
[Marks: Well–Known Marks]

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well–known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

* * *

Article 25
[Implementation of the Convention on the Domestic Level]

(1) Any country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention.

(2) It is understood that, at the time a country deposits its instrument of ratification or accesssion, it will be in a position under its domestic law to give effect to the provisions of this Convention.

Article 26
[Denunciation]

(1) This Convention shall remain in force without limitation as to time.

(2) Any country may denounce this Act by notification addressed to the Director General. Such denunciation shall constitute also denunciation of all earlier Acts and shall affect only the country making it, the Convention remaining in full force and effect as regards the other countries of the Union.

(3) Denunciation shall take effect one year after the day on which the Director General has received the notification.

(4) The right of denunciation provided by this Article shall not be exercised by any country before the expiration of five years from the date upon which it becomes a member of the Union.

AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS [Pub. L. No. 103-465, §101(d)(15), 108 Stat. 4809 (1994), adopting TRIPs, H.R. Doc. 103-316, Vol. I, Annex IC (1994)]

Article 2

Intellectual Property Conventions

1. In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

2. Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.

Article 3

National Treatment

1. Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection[3] of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits.

---

[3] For the purposes of Articles 3 and 4, "protection" shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement.

Article 4

Most-Favoured-Nation Treatment

With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members.

* * *

GENERAL INTER-AMERICAN CONVENTION FOR TRADEMARK AND COMMERCIAL PROTECTION [46 Stat. 2907 (1930)]

Chapter 2
Trade Mark Protection

* * *

Article 7

Any owner of mark protected in one of the Contracting States in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the Contracting States, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or recourse provided in the country in which such interfering mark is being used or where its registration or deposit is being sought, and upon proof that the person who is using such mark, or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting States of the mark on which opposition is based upon goods of the same class the opposer may claim for

himself the preferential right to use such mark in the country where the opposition is made or priority to register or deposit it in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.

Article 8

When the owner of a mark seeks the registration or deposit of the mark in a Contracting States other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which cancellation is sought, the stipulations in Paragraph (a) and those of either Paragraph (b) or (c) below:

(a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and

(b) That the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration or deposit in any of the Contracting States of the mark for the specific goods to which said interfering mark is applied, prior to adoption and use thereof or prior to the filing of the application or deposit of the mark which is sought to be canceled; or

(c) that the owner of the mark who seeks cancellation based on a prior right to the ownership and use of such mark, has traded or trades with or in the country in which cancellation is sought, and that goods

designated by this mark have circulated and circulate in said country from a date prior to the filing of the application for registration or deposit for the mark, the cancellation which is claimed, or prior to the adoption and use of the same.

LANHAM ACT

15 U.S.C. § 1125 [Section 43] False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

* * *

15 U.S.C. § 1126 [Section 44] International conventions

(a) Register of marks communicated by international bureaus

The Director shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees required in this chapter may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

(b) Benefits of section to persons whose country of origin is party to convention or treaty

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent

necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

(c) Prior registration in country of origin; country of origin defined

No registration of a mark in the United States by a person described in subsection (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in subsection (b) of this section, the country of which he is a national.

(d) Right of priority

An application for registration of a mark under section 1051, 1053, 1054, or 1091 of this title or under subsection (e) of this section, filed by a person described in subsection (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in subsection (b) of this section shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided*, That—

> **(1)** the application in the United States is filed within six months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this chapter, including a statement that the applicant has a bona fide intention to use the mark in commerce;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection;

(4) nothing in this subsection shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: *Provided*, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

(e) Registration on principal or supplemental register; copy of foreign registration

A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register in this chapter provided. Such applicant shall submit, within such time period as may be prescribed by the

Director, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration.

(f) Domestic registration independent of foreign registration

The registration of a mark under the provisions of subsections (c), (d), and (e) of this section by a person described in subsection (b) of this section shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this chapter.

(g) Trade or commercial names of foreign nationals protected without registration

Trade names or commercial names of persons described in subsection (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

(h) Protection of foreign nationals against unfair competition

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

(i) Citizens or residents of United States entitled to benefits of section

Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

* * *

15 U.S.C. § 1127 [Section 45] Construction and definitions; intent of chapter

* * *

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1996 [Pub. L. No. 104-114, Section 102(h), 22 U.S.C. § 6032]

§ 6032. Enforcement of the economic embargo of Cuba

* * *

(a) Policy

(h) Codification of economic embargo

The economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions under part 515 of title 31, Code of Federal Regulations, shall be in effect on March 12, 1996, and shall remain in effect, subject to section 6064 of this title.

File No. 495/95 CASSATION ADMVA

[illegible]

DECISION NUMBER: EIGHT HUNDRED THIRTY THREE (833)

IN THE CITY OF HAVANA, OCTOBER 31, 1995.

JUDGES
ANDRES R. BOLANOS GASSO
NANCY MORALES GONZALEZ
MARIA ELENA FERNANDEZ GOMES

[seal]

REVIEWED by the Civil and Administrative Chamber of the Popular Supreme Tribunal, the appeal of cassation in the administrative matter presented by the attorney SARA M. RODRIGUEZ, in name and representation of Hard Rock Café Licensing Corporation, a corporation domiciled at 216 West 57th Street, New York United States of America, against decision number 684 of December 18, 1992, issued by the Civil and Administrative Chamber of the Popular Provincial Tribunal of the City of Havana, in file number 550 of 1992, administrative process presented by the above mentioned appellant against Resolution number 678 of June 19, 1992 issued by the Director of the national Office of Inventions, Information and Trademarks (ONITEN) that rejected the petition for the cancellation of the registration of the mark Hard Rock Café in favour of REGINA HILDE ZUSANA, presented by ADA ACOSTA MARTINEZ, in name and presentation of Hard Rock Café Licensing Corporation.

WHEREAS: that the cited Civil and Administrative Chamber of the Popular Provincial Tribunal of the City

of Havana, issued the appealed decision in which the dispositive part states: "We accept the opposition that the respondent articulated that we declare the appeal unfounded and we confirm Resolution number 678 of ONIITEM of June 19, 1992, without imposition of costs".

WHEREAS: that against said decision the appellant presented the appeal of cassation within the legal term, the Tribunal bringing it before this Chamber, with prior notice to the parties, which admitted the appeal; it being shown that it was presented in form and time as well as the Attorney SISSI UBALS CUZA in name and representation of the National Office of Inventions, Technical Information and Marks (ONIITEM).

WHEREAS: that the legal recourse consists of two causes of which the second is related given the form in which it is resolved, pursuant to subsection nine of article 630 of the Law of Civil, Administrative and Labor Procedure, charging the violation of articles 43 and 281 to 300, all of the cited Law of Procedure, in the sense that: "the Tribunal in its decision states that "the facts alleged by the appellant were not fully proved," however, in our opinion what occurred in the present case was an erroneous appreciation of the proofs presented that proved: - that the registration, the cancellation of which is requested (issued in 1990) is exactly the same as the trademark owned by my client (registered since 1972 abroad) and was issued to cover the same products, which does not only deal with a design that is somewhat similar but rather an exact copy of the mark of my client; that the mark of my client has 183 registrations in 72 countries that cover all of the continents, including Holland (Benelux), country of the owner of the title to the registration we challenge and in which my client's mark has

been recognized since 1974. Consequently, the owner of the registration of this mark in Cuba "Regina Hilde Zusana" does not possess ownership of the mark in the mentioned 72 countries nor even in her country of origin; nor any of the 72 new applications for registration were presented which are being processed in name of my client in 45 countries and in 14 of the countries in which they own more than 31 establishments. That in the files of ONIITEM are more than 80 press articles that were attached to the petition for cancellation of the registration that were filed in a timely way and which we cite in the complaint to show that this mark had its origins with a Company that for more than 20 years created establishments in which it offers food and drink, with special characteristics that tie it to the world of music and that from the beginning achieved a great acceptance, even that already it is considered internationally among the biggest commercial businesses, comparable to the chains McDonald's and Kentucky Fried Chicken, all of which documentation is also referred to by the respondent in its reply brief, for which the decision below should be voided".

WHEREAS: that not having requested a hearing, the record was passed to the Tribunal to issue its decision.

THE JUDGE NANCY MORALES GONZALEZ BEING THE JUDGE IN CHARGE.

CONSIDERING: that according to that shown as proved by the certification issued by the National Office of Inventions, Technical Information and Marks (ONITTEM) that was attached as documentary proof by the challenging party, the mark Hard Rock Café registered by the third party is the same name of the challenger, not only similar in name but also in the design which dis-

tinguishes it, a subject not debated in the procedure by the contrary party and consequently accepted as true by the party who seeks denial of the appeal, formulated by the appellant to promote the process that the extension to Cuba of the International Registration number 5,6,1,7,0,6 I favour of REGINA HILDE ZUSANN, domiciled in Amsterdam, Low Countries, should be cancelled; that the mark of the company Hard Rock Café Licensing Corporation with its headquarters in New York, United States of America, lacks notoriety in our country, the same is adduced of the products protected by that Mark; that if it has obtained a level of promotion in Cuba, it has been extremely low, for which reason it does not enjoy the necessary popularity or reputation to be considered a commonly known mark or notorious, a finding that does not correspond with the abundant documentary proof provided by the appellant in the process in which they proved the foreign registrations of its mark Hard Rock Café in its different modalities in 72 countries with 183 registrations in the same, including the country of origin of the owner for the mark registered by the respondent in which it was registered in 1974, as well as many other countries where it has been applied for and in multiple press articles that show the publicity of the mark in question, and although it is clear that given the special characteristics that up to now have operated in our country, fundamentally those imposed by the blockade that we are subjected to with its consequent commercial limitations, the mark Hard Rock Café of the appellant does not enjoy great popularity and notoriety, that documentation in some way authorizes its extension, above all when it has been demonstrated that in accordance with article 244 of the Law of Civil, Administrative and Labor Procedure obligates it do so, in its condition of being the acting party in the procedure, and

thus the appellant is correct that the Tribunal did not appreciate the correct value of the above mentioned documentary proofs, arguing that the same did not fulfil the cited provision, error that violates articles 43 and 297 of the Law of Civil, Administrative and Labor Procedure that extended to the issued opinion, reasons for which the second objective of the appeal, covered in the Ninth Section of article 630 of the cited body of law, must prosper and consequently, with it being necessary to examine the other that the appellant notes, the challenged decision must be voided and in its place another issued that corrects the error committed by the lower Tribunal.

WE DECIDE: we declare that the appeal of cassation accepted and as a consequence we annul the appealed decision, without imposition of costs.

NOTIFY: this decision and that which follows is issued with remand of the actions brought to the court, issuing to that effect whatever orders and certified copies that may be necessary; the acknowledgement of receipt to be incorporated in the file and filed with the previous pertinent annotations.

THUS WE PRONOUNCE, ORDER AND REQUIRE.

ANDRES R. BOLANOS CASSO, NANCY MORALES GONZALES, MARIA E. FERNANDEZ. *CLARA REYES.

SECOND DECISION.

IN THE CITY OF HAVANA, OCTUBRE 31, 1995.

JUDGES
ANDRES R. BOLANOS GASSO
NANCY MORALES GONZALEZ
MARIA ELENA FERNANDEZ GOMES

[seal]

REVIEWED by the Civil and Administrative Chamber of the Popular Supreme Tribunal, the file of the administrative matter presented by the attorney SARA M. DIAZ RODRIGUEZ, in name and representation of HARD ROCK CAFÉ LICENSING CORPORATION domiciled at the address set forth in the decision of cassation, against Resolution number 678 of June 19, 1992, issued by the Director of the National Office of Inventions, Technical Information and Marks (ONIITEM), requesting the revocation of the referenced Resolution declared in that first decision; which remedy is left to be issued since it was voided and nullified by the procedure of cassation in the same decision of the Chamber of the Civil and Administrative Law of the Popular Provincial Tribunal of the City of Havana.

CONSIDERING reproduced here the results of the decision of cassation.

WHEREAS: the Convention of the Paris Union of March 20, 1883, of which our country and that of the nationality of the appellant are signatories, protects industrial property in all of the member countries of the Union, and said protection includes, among other things, manufacturing or commercial marks, commercial names as well as the suppression of unfair competition;

Establishes, in addition to enjoying the advantages that the respective laws grant to their nationals, without prejudice of the rights especially foreseen by the referenced convention one of which is established in its article 6 bis one regarding the obligation of said countries, sua sponte, if the legislation of the country permits it, or at the instance of the interested party, to reject or invalidate the registration and prohibit the use of a trademark that consists of the imitation or translation of a mark that could cause confusion with a mark that the competent authority of the country of registration or of use considers to be notoriously known there as being the mark of a person who may benefit of the Convention and used for identical or similar products or when the essential part of the mark consists of a reproduction of said notoriously known mark or an imitation capable of causing confusion with it.

WHEREAS: Decree Law number 68 of May 14, 1983 that regulates marks in our country establishes that foreigners enjoy the rights and obligations that are established in the international conventions to which the Republic of Cuba is a party and thus taking into account that, the notoriety of the mark HARD ROCK CAFÉ and design of which the appellant is the owner is demonstrated, in accord with that explained in the whereas clauses of the cassation decision, the result is obvious that the National Office of Inventions, Technical Information and Marks must invalidate the Registration issued for the mark of REGINA HILDE ZUSANN, domiciled in Amsterdam, Low Countries, in accordance with that required by the Convention of the Union of Paris to which our country and that of the acting party are signatories.

WE DECIDE: We declare ACCEPTED the appeal presented by HARD ROCK CAFÉ LICENSING CORPORATION,

domiciled in New York, United States of America, against Resolution number 684 of June 19, 1992 issued by the Director of the National Office of Inventions, Technical Information and Marks (ONIITEM), which is revoked in all its parts and it is stipulated that said Administration declare the invalidation of the Registration of the mark HARD ROCK CAFÉ issued in favour of REGINA HILDE ZUSANN, returning the documents to the same in order that within a period of 30 days it shall issue a new Resolution in accord with that set forth in this decision. Without imposition of costs.

THUS WE PRONOUNCE, ORDER AND SIGN.

ANDRES R. BOLANOS CASSO, NANCY MORALES GONZALES, MARIA E. FERNANDEZ. *CLARA REYES.

(illegible) [signature]

[seal]

DECLARATION OF TRANSLATION

Debra Evenson declares under penalty of perjury under the laws of the United States that the following it true and correct:

1. I am a lawyer, licensed to practice law in the State of New York, and am of counsel to the law firm Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C. I was professor of law at DePaul University School of Law from 1980-1993 where I taught comparative international law. I have also published numerous scholarly books and articles on the subject of the Cuban legal system.

2. I am fluent in the Spanish language.

3. I prepared the attached translation of the Decision No. 835 of October 31, 1995 of the Civil and Administrative Chamber of the Popular Supreme Tribunal of the Republic of Cuba, from the original Spanish into English I attach hereto a copy of the original documents in Spanish and the translation thereof which, to the best of my knowledge, is a true and accurate translation into English.

Signed this 28th day of July of 2004

DEBRA EVENSON
DEBRA EVENSON

No. 2

IN THE

Supreme Court of the United States

EMPRESA CUBANA DEL TABACO, d/b/a CUBATABACO,

Petitioner,

—v.—

GENERAL CIGAR CO., INC., and GENERAL CIGAR HOLDINGS, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

APPENDIX OF DISTRICT COURT OPINIONS

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APPENDIX OF DISTRICT COURT OPINIONS

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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97 Civ. 8399 (RWS)

EMPRESA CUBANA DEL TABACO,
d.b.a. CUBATABACO,

Plaintiff,

—v.—

CULBRO CORPORATION and
GENERAL CIGAR CO., INC.,

Defendants.

APPEARANCES:

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OPINION

Sweet, J.

The plaintiff Empresa Cubana del Tabaco d/b/a Cubatabaco ("Cubatabaco") seeks to recover for alleged willful acts of trademark infringement, trade dress infringement, unfair competition, misappropriation and trademark dilution by defendants Culbro Corporation (now known as General Cigar Holdings, Inc. and General Cigar Co., Inc. (collectively, "General Cigar") with respect to Cubatabaco's trademark COHIBA for premium Cuban cigars and for cancellation of General Cigar's trademark registrations for that mark.

After the completion of the pretrial proceedings, a non-jury trial was held on various dates between May 27, 2003 and June 23, 2003. Upon all the prior proceedings and the following findings of fact and conclusions, judgment will be entered in favor of Cubatabaco cancelling General Cigar's trademark registrations and enjoining General Cigar from using the COHIBA mark. Several of Cubatabaco's other claims, however, are dismissed.

The Issues

This action considers trademark issues in the unique context of the trade embargo against Cuba. Cuba has developed several strong cigar trademarks. While nearly all of them were developed before the Cuban revolution, *i.e.*, Partagas, Punch and Ramon Allones, the COHIBA trademark was registered in 1969, and was first sold outside of Cuba in 1982. Cubatabaco alleges that General Cigar has unlawfully infringed on the COHIBA mark in the United States despite the fact that Cubatabaco not only cannot sell Cuban COHIBA cigars in this country

because of the embargo,[1] but did not register the trademark when General Cigar stopped selling its COHIBA cigars for a number of years, nor did it object to General Cigar's application to register the mark in December 1992.

Several different issues were explored at trial and in the post-trial submissions by both parties. However, as explained in greater detail below, the following issues are the most important in resolving the liability issues in this litigation:

- Was COHIBA a well-known or famous mark in the United States on November 20, 1992, the date of General Cigar's first new use of the COHIBA trademark?
- Is there a likelihood of confusion between the Cubatabaco COHIBA and the General Cigar COHIBA?
- Did Cubatabaco abandon the COHIBA mark in the United States from 1992 to 1997?
- Did General Cigar act in bad faith in exploiting the COHIBA trademark?

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[1] The Cuban Assets Control Regulations, 31 C.F.R. Part 515, prohibit, *inter alia*, (1) the importation into the United States of merchandise from Cuba or merchandise of Cuban origin; and (2) the use in U.S. commerce of any trademark in which Cuba or a Cuban national has, at any time since July 8, 1963, had any interest, direct or indirect. 31 C.F.R. §§ 515.201, 515.204, 515.311. These same regulations allow for, however, filing in the United States applications for trademark registrations, prosecuting said applications, receiving registration certificates and renewal certificates and recording any instrument affecting title to trademark registrations. 31 C.F.R. § 515.527.

The Parties

Cubatabaco is a company organized under the laws of Cuba with its principal place of business in Havana, Cuba. Directly, and through its licensee, Habanos, S.A., Cubatabaco exports tobacco products from Cuba throughout the world, excluding the United States because of the current trade embargo. It was established by the Cuban government as an independent entity with its own assets and administration and is subject to the jurisdiction of a Cuban ministry.

Culbro has been merged into and is survived by General Cigar Holdings, Inc. General Cigar Holdings is a Delaware corporation with its principal place of business in the county of New York and functions as a holding company for General Cigar Co. Inc.

General Cigar Co., Inc. is a Delaware corporation with its principal place of business in Bloomfield, Connecticut. General Cigar Co., Inc. is in the business of manufacturing, marketing, advertising and distributing tobacco products.

General Cigar and its predecessors in interest have been major U.S. manufacturers and distributors of cigars for more than a century.

Prior Proceedings

Cubatabaco filed its complaint on November 12, 1997, alleging that Cubatabaco possessed a COHIBA mark for its cigars that was "well-known" in the United States at the relevant time, and that General Cigar's efforts to exploit and trade upon Cubatabaco's COHIBA mark in order to generate profits on the sale of its own cigars entitled Cubatabaco to relief under Articles 6bis and 10bis of the Paris Convention; Articles 7, 8, 20 and 21 of the Inter-American Convention; sections 38 and 43(a)

of the Lanham Act, 15 U.S.C. §§ 1120, 1125(c)(1) and 1125(a); and New York state law.

On December 11, 1997, the parties in settlement discussions entered into a written agreement that, *inter alia*, (1) the actions of both parties in this court and in the U.S. Patent and Trademark Office ("PTO") are "stopped"; (2) "the time spent during the negotiation will not be used by any of the parties to the detriment of the other, in case there is no [settlement] agreement;" and (3) "use of General Cigar's COHIBA trademark as from the signing of this Contract will not be used in detriment of Cubatabaco if agreement is not reached." The parties reported this agreement to the Court on December 16, 1997, and, at their request, all proceedings were stayed, including discovery, until litigation was renewed in February 2000.

By order dated December 5, 2000, Counts V (Article 22 of TRIPS), VI (Article 10 of the Paris Convention), VIII (false representation of origin in violation of Section 43(a) of the Lanham Act) and IX (deceptive advertising in violation of Section 43(a) of the Lanham Act) were dismissed with prejudice in light of the decision in *Havana Club Holding S.A. v. Galleon S.A.*, 203 F.3d 116, 124 (2d Cir. 2000). Cubatabaco's motion to strike the jury demand of General Cigar was granted on December 15, 2000. *See Empresa Cubana de Tabaco v. Culbro Corp.*, 123 F.Supp.2d 203 (S.D.N.Y. 2000) ("*Empresa I*").

On June 26, 2002, this Court granted summary judgment for General Cigar dismissing Counts I (Article 6bis of the Paris Convention) and III (Article 7 and 8 of the Inter-American Convention), granted summary judgment for Cubatabaco on its claim that General Cigar had abandoned the COHIBA mark from 1987 until 1992, and dismissed General Cigar's equitable defenses. *See Empresa*